

IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1974

No. 73-1933

UNITED STATES OF AMERICA, Appellant,

CITIZENS AND SOUTHERN NATIONAL BANK, et al.

On Appeal from the United States District Court for the Northern District of Georgia

JOINT APPENDIX

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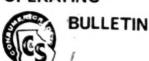
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Date 4-18-62

Replaces Bulletin: GENERAL OPERATIONS - INSURANCE - COVERAGE FAILURE, Dated 11-29-56

For the past several years we have been placing Coverage Failure Insurance on those eligible secured loans where insurance on the collateral is required. Our original purpose in acquiring this policy was to eliminate, to a great extent, the clerical handling that is necessary to verify that collateral taken as security is adequately covered by outside insurance and that the bank's interest is properly indicated in the policy.

Subsequent experience has proved the cost of this coverage to be substantially less than that of the clerical help required to maintain complete insurance rollowup. Use of the policy has also given us the added benefit of protection from the possibility of accidental error during insurance followup. Further savings have been realized inasmuch as the use of this coverage has greatly reduced the amount of time our auditors must spend in checking insurance coverage.

Since the inception of this policy, we have found opportunities to both broaden the policy coverages and to streamline the procedures involved in its use. This bulletin sets forth these changes and attempts to clarify those areas of the policy's coverage which have appeared to be somewhat troublesome in the past.

POLICY INTENT

This policy is designed to provide the bank with single interest protection on those eligible secured loans on which casualty insurance for the collateral is required. It protects us against any direct loss vermay sustain as a result of being prevented from obtaining the benefits of insurance coverage, praviously agreed upon between the bank and the customer, by reason of:

- Failure of any customer to place, have placed, and/or maintain insurance agreed upon.
- (2) Failure of any insurance company to pay claims within the limits of the insurance agreed upon because of violation of policy conditions by the customer.
- (3) Failure of any insurance company or its agent to pay an unearned premium to the bank if the bank has originally advanced the premium.

Insurance coverage is provided by the American
Southern Insurance Company under policy no. IM-428,
through Marsh and McLennan, agents.

EFFECTIVE DATE

Insurance coverage is effective as of the date funds are disbursed on a direct loan, or on the date of approval and delivery in the

ELIGIBLE LOANS

Any loan except real estate, regardless of classification, on which outside insurance is normally required, may be insured under our Coverage Failure policy provided it does not exceed 36 months, except mobile home transactions which may be insured for 60 months. In addition, the limit of liability under this policy is \$5,000 to any one customer on ordinary transactions and \$7,500 on mobile homes (based on the amount financed - not the total note amount). As a



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matter of policy, we do not wish to insure transactions above the limit of liability; however, in care cases where customers warrant, insuring transactions that do not exceed the limit of liability by more than 10% is in order. This can be a matter of judgment on the part of the lending officer.

LIMITS OF LIABILITY This is a single interest policy protecting the bank only. Total losses are limited to the net unpaid balance less the salvage value of the collateral. If, for any valid reason, the bank is unable to obtain the proceeds of the value of the salvage, the policy will pay the full net unpaid balance. Partial losses are limited to the cost of repairs.

Losses under Coverage Failure (partial or total) are not affected in any way by the deductible feature of collision coverage in the customer's outside insurance policy.

TERMINATION OF COVERAGE Coverage under this policy expires when the loan is paid in full. Coverage Failure Insurance continues in effect after a repossession until such time as the collateral is disposed of.

POLICY EXCLUSIONS This policy does not insure against:

- any loss where the bank does not have a State of Insurance, properly
- any loss resulting directly or indirectly from any dishonest or criminal act of any officer, agent or employee of the bank
- any loss resulting from forgery (d)
- any loss sustained by reason of insolvency of any insurance company that portion of a loss which exceeds \$5,0(r) to any one customer. (e)

STATEMENT OF INSURANCE A Statement of Insurance is required on each transaction that is to carry Coverage Failure Insurance. Dealers, borrowers, and/or purchasers should be instructed to furnish insurance with the bank named as loss payee. However, instead of following for a copy of the policy, we rely on the "Statement of Insurance" which is obtained from the purchaser or borrower at the time the loan is executed. Be sure that the Statement of Insurance is signed in good faith and that there is no reason to doubt the customer's intention to place the required insurance.

Ruling 2002 of the Insurance Commissioner provides in part (1) original policies may be given to the insured only and (2) unearned premium must be paid to the insured and loss payee jointly. The Insurance Commissioner has later ruled that the insured may waive these requirements in writing and the Statement of Insurance provides for this

The Statement of Insurance now appears on the reverse side of both the Automobile Note - Bill of Sale to Secure Debt (19-906, Rev. 11-61) and the new Vehicle-Farm-Equipment Conditional Sales Contract (19-986, Rev. 4-61). Wording has been incorporated in the face of both instruments so that when the customer signs the instrument he automatically signs the Statement of Insurance which is used if needed.

CARATINIS



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REPLACES BULLETIN: GENERAL OPERATIONS - INSURANCE - COVERAGE FAILURE,
Dated 11-29-56

The Statement of Insurance form (19-843) illustrated below is to be used in all cases where the statement does not appear on the reverse side of the instrument of indebtedness. This form must be signed by the customer.

	STATEME	NT OF INSURANCE
ro Wheel & Ber	al Automobile Agency	
In consideration of lakes Contract or other is	curry murryment is copy of w	ads to me, evidenced by a Bill of Sale to Serum Debt or Conditional shich is strathed barren and made a part barsel i unversig property of \hat{i} will showe the property so covered against the following basaris:
	(Check	Applicable Spaces
Port	п	Callison 830 Ded 🗀
Their	0	Collision 830 Ded [] 9100 Ded 50
Comprehensive	87	
Other		
tution thereunder in the a new yet produced) or t	event you assign your rights of	o you as your interest may appear, you having full power of yubits in the staches occurry inserument and so movely the (id this poster no procured); and (4) he delivered to you or your songes to be held to solve the control of the
measured and appears saccifiation of said poli- payment of claims or us has at time said custom	of my artseney in face (8) to b cy, (3) so make claims for lim warned primition under naid p spicesnomaly mage. It is unders your assigns and shar any funds	to said recurry communicat to describe, poor sainps, and bere- tical the original insurance policy, (2) to control and give receive as under und period, (4) to rectrific site same to checks received as solicy and apply such focus to any architecture control quiter the said and approve that this power deall be terminated white 1 can in handled by your distribution of the same of the power deal and the same of th
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Please study the Statement of Insurance carefully since it contains a number of important provisions relating to your rights in dealing with your borrower and his insurance company.



11-29-56

SECTION

INSURANCE

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COVERAGE FAILURE

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4 of 8 GENERAL OPERATIONS - INSURANCE - COVERAGE FAILURE, Dated

Repair Plan Contracts. No new Statement of Insurance is necessary when the insured collateral is currently securing an open account for which a signed Statement of Insurance is in the customer's file.

Renewals. No new Statement of Insurance is necessary unless additional money is advanced (see subsequent paragraph - COST OF COVERAGE) if original loan carried Coverage Failure Insurance and a signed Statement of Insurance is in the customer's

Transfers of Equity. If the loan carries Coverage Failure, a new Statement of Insurance should be executed by the transferee who is responsible for adequate outside, insurance for the balance of the term of the loan.

REQUISITIONING INSURANCE COVERAGE Coverage may be requisitioned by checking the appropriate insurance space on the Discount Sheet. In the case of renewals, no additional premium is required as long as no new money is advanced. Under such circumstances, do not requisition Coverage Failure on the new Discount Sheet or obtain a new Statement of Insurance (see preceding paragraph -STATEMENT OF INSURANCE).

COST OF COVERAGE The Central Billing Department will charge you monthly at the rate of 50¢ for each new transaction covered. This is a retrospective policy and dividends will be prorated to each office.

EFFECT ON BANK-AGENT PLAN Since this policy makes no change in our insurance requirements, the operation of our reciprocal arrangements with insurance agents will not change. On agent originated transactions, the agent will furnish a Statement of Insurance which he also signs in the space provided. (If using revised instruments which incorporate the Statement of Insurance, the agent must still sign the Statement in the space provided.) Agents should be instructed to furnish a copy of the policy but we will not make a followup.

DEALER ORIGINATED TRANSACTIONS In all cases where outside insurance is required on dealer-originated paper, our dealer is either an insurance agent or has a source for placing insurance. Normally when we finance the cost of insurance, a copy of the insurance policy or a binder will accompany the contract. In such cases it will not be necessary to place Coverage Failure Insurance on that paper, even though a Statement of Insurance does accompany all contracts.

Under our arrangement with American Southern Insurance Company agents, where we are protected by a single interest insurance policy (See Bulletin: INSURANCE - ERRORS & ONISSIONS COVERAGE - AUTOMOBILE DEALERS), Coverage Failure Insurance is definitely not required. On other dealer-originated paper, it will be a matter of judgment in determining whether we are sufficiently protected at the outset that Coverage Failure may be waived. Coverage Failure should be placed when the borrower is to furnish his

DISPOSITION OF POLICIES, RENUMAL MOTICES AND CAMCELLATION MOTICES As policies and are received, they may be sent directly to file. Checking for expiry date, extent



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of coverage, etc., is not necessary.

Cancellation notices are generally sent out only where insurance companies consider the insured to be a poor risk (poor insurance risk and poor credit risk frequently go together). All Notices of Cancellation must be followed with the customer until we obtain evidence of new coverage in compliance with the Statement of Insurance as signed at the time the loan was made.

AUTONOBILE LOANS INVOLVING MINORS

When making an automobile loan to a minor (with parental endorsement), there always exists the distinct possibility that the obtaining of insurance may be a problem. Many agents are required to submit such deals to their home office for approval and it often takes two or three weeks to find out that the agent's company will not insure. In such cases, if the insurance can be obtained at all, it will be through a "high rate pool" and the customer may not be able to pay for such coverage "out of his pocket."

Whenever possible, we want to finance the cost of automobile insurance coverage and in making automobile loans to minors it should be standard practice to follow for the original issuing of an insurance policy, even if the loan is covered with Coverage Failure Insurance.

The Loans The coverages under this policy are also available, under the same conditions, for time loans made through the Loan and Discount Department. The first of each month the following report form will be sent to the Installment Loan Officer-in-Charge of each office. He is responsible for seeing that the Loan and Discount Department reports to the Central Installment Department, Atlanta, no later than the 10th of the month, all loans covered with Coverage Failure Insurance during the preceding month.

LOAN & DISCOUNT DEPARTMENT MONTHLY REPORT OF LOANS TO BE COVERED WITH COVERAGE FAILURE INSURANCE This report must be returned to: The CaS National Bank, Central Installment Department, Atlanta, Gaorgia no later than the 10th of each month. 1.B DATE Please enter below the number and description of the loans madlast month by your department which were covered under our COVERACE

PAILURE POLICY. (Maximum coverage per losm - \$5,000). If tons asata. Sumber of Loans 4 Hame of Borrower Colleteral Amount of Note David D. Douglas 1960 Ford, Country Squire \$650.00 #0A-68Y171170 1956 Jaguar, 2 dr. #676278 1962 Buick, Special, 4 dr. William F. Garren \$450.00 \$495.00 #A11548510 1962 Chevrolet, Inpala, 2 dr. Hrs. Wanda B. Wilts \$225:00 #21247A149707

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REPLACES BULLETIN:

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Dated 11-29-56

POLICY IS CONFIDENTIAL

Borrowers, purchasers, dealers, and insurance agents should not be told of the existence of this coverage. Insofar as they are concerned, the Statement of Insurance is required because of Ruling 2002 of the Insurance Commissioner and to clarify the exact coverage on each transaction.

COPIES OF THE POLICY

The original signed insurance policy is on file in the Central Installment Department, Atlanta.

REPORTING LOSSES

Requirements Before Reporting Losses. A loss does not occur under this policy until all collection action short of suit has been taken against the maker of the note. Because the policy requires that we use "due diligence" (doing all things reasonable and practicable to avoid or diminish any loss arising under the policy) and because both the premium rate and any dividends returned are predicated upon our loss experience, all potential losses must be handled as zealously as though the insurance did not exist. If it is necessary to accelerate our instrument and we can collect the entire balance from the customer, we should do so without filling a claim. If the balance due at the time we discover a potential Coverage Failure claim is small enough so that we would extend a like amount of credit to the customer on an unsecured basis, then arrangements should be made to collect the balance on a monthly basis without making claim against this policy. Provided credit factors warrant and additional new collateral can be obtained a "Rework" note may be executed (without releasing the original instruments) in attempting collection action before filing claim.

With respect to total losses, the policy will pay the net balance less salvage as long as we are able to acquire the salvage value of the collateral. Salvage bids (3) should be obtained in writing and the amounts included in the first notification which you give to Central Installment. When collection arrangements are anticipated that will postpone the claim, particulars concerning the condition of the salvage, where stored and your recommendations as to disposal should accompany your memorandum of notification. In such instances the salvage will usually be sold and the proceeds applied to the reduction of the customer's indebtedness at the time we enter into the collection arrangements with him.

NOTICE OF LOSS The policy requires that we give notice of a potential loss as soon as possible. We want to notify the insurance company of any collection arrangements which we may make with the customer that will postpone the filing of the claim. When a potential loss situation developes and all collection effort has not been completed (or whenever collection arrangements are made) notify the Central Installment Department, Atlanta, by memorandum giving all pertinent particulars.

when all collection effort, short of litigation, has been made and it is felt that a claim exists, the "Coverage Failure Quescionnaire", illustrated on page 7, should be completed in duplicate and both copies forwarded to the Central Installment Departrent together with the entire customer file on the account.

OPERATING BULLETIN

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REPLACES BULLETIN:

GENERAL OPERATIONS - INSURANCE - COVERAGE FAILURE, Dated 11-29-56

All questions are self-explanatory and every applicable question should be answered so that the entire history of the account is clearly apparent. Care and thought should be exercised in the preparation of the questionnaire. Your customer file should be completed and in good order. All collection memoranda should be in chronological sequence and legibly written. All salvage bids should be included in the file.

When the insurance company issues a draft in payment of the claim, the Central Installment Department will request your instruments of indebtedness. All Notes, Bills of Sale, Recording Slips, Conditional Sales Contracts, etc., must be assigned "without recourse" to the American Southern Insurance Company.

ORDERING FORMS

The Coverage Failure Questionnaire may be ordered by memorandum from the Central Installment Department, Atlanta. The Statement Department, Atlanta.

The Statement Department, Atlanta.

RELATED BULLETIN

INSURANCE - ERRORS AND OMISSIONS - AUTOMOBILE DEALERS



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1 of 12 Date 4-15-71

Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

Increased credit life insurance coverage of amounts to be financed and terms are now available to our borrowing customers. The new rate charts include separate insurance premiums for the optional selection of credit life (under Regulation Z provisions) for installment notes, conditional sales contracts and time notes. The new rate charts are effective May 1, 1971 and include the extended coverages of maximum amounts to be financed of \$15,000 and terms of ten years. Insurance premiums are not a part of the finance charge and annual percentage rate. Customers are charged the actual premium rate paid by the bank which remains below the cost of term insurance and below that of many other Credit Life policies. Therefore, our "financing package" is attractive both to borrowers and to purchasers through dealers.

INSURANCE CARRIER

ALL installment loans of The Citizens and Southern National Bank Offices and The Citizens and Southern Financial Corporation are insured through The Citizens and Southern Life Insurance Company (formerly American Southern Life Insurance Company) under group policy number GL-3. All other participants are insured under Prudential Insurance Company of America, group policy GL-281.

ELIGIBLE BORROWERS AND PURCHASERS

any borrower or installment purchaser is eligible for Credit Life Insurance if:

- 1. He is 61 years of age or less;
- His contract or note is repayable in periodic installments over a period of ten years or less; and,
- 3. The balance to be financed is \$15,000 or less.

EFFECTIVE DATE

Insurance coverage is effective as of the date funds are disbursed on a direct loan or on the date of approval and delivery in the case of dealer paper. This protects the dealer for the period between his delivery of the merchandise and the disbursement of funds by the bank.

EXTENT OF COVERAGE

Upon receipt of the necessary claim forms, the insurance company will pay the gross balance due on the customer's note, with a maximum of \$15,000 including previously paid disability benefits. The \$15,000 maximum applies to the total indebtedness of the borrower whether it is one transaction or multiple transactions or whether the multiple transactions are with the same bank or in different banks insured under this policy. The policy also contains a suicide clause which applies to all notes



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Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7/8/69

- M insured after May 1, 1971. The clause states that a note must be continuously insured under the policy for two years before a death claim by suicide can be
- Transactions involving a principal balance in excess of \$15,000 are not eligible for coverage in any part.

TERMINATION OF INSURANCE

The insurance automatically terminates at the time the indebtedness is paid in full, at the time of repossession (by Bank or dealer), if judgment is entered in any court, or when the loan is charged off (past due loans not charged off may be carried up to a maximum of six months).

In considering loans in default, reworking for collection purposes, etc., it should be kept in mind that it is not the purpose of this policy to substitute a possible insurance loss for a probable credit loss. The insurance policy is intended to protect the borrower and the bank on normal transactions from their inception.

The Georgia Insurance Code requires that a refund of the unearned insurance premium be made if a customer pays out his note in advance. It also requires that the refund be computed by the "78ths" method. However, it states that a refund naed not be given if it amounts to less than \$1. We comply with the Code on refunds in our rebate procedures. Those banks on the manual installment loan system should use the Rebate Debit Ticket, \$19-923, if their general ledger is also on a manual system. The Rebate Debit Ticket \$19-925 should be used if the installment loans are on a manual system and their general ledger is automated. Banks with installment loans on the automated system use computer Rebate Debit Ticket \$19-1240.

RATE TO CUSTOMER

The charge to the customer is 92c per thousand per month based on the reducing unpaid balance on insured loans (actual permiums paid by the bank). The symbol "C" on the monthly rate charts identifies the insurance premiums separately.

INSURANCE ELECTION STATEMENT

All instellment notes and contracts are printed with the insurance election statement. This provides for acceptance, refusal, date of birth and signature of the borrower. Only signer or co-signer of the note may be insured and only the person to be insured must sign the insurance election statement. Where the customer is ineligible for insurance (age, health, amount or terms) the election statement need not be signed. In any event, the person being insured must always sign the contract or note and the Insurance Election Statement.

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Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7/8/69

REQUISITIONING INSURANCE COVERAGE

Credit Life coverage may be requisitioned by checking the appropriate insurance space on the Discount Sheet (computer form #19-1295-manua' form #19-898).

Coverage will automatically be placed in the name of the person shown at the top of the Discount Sheet. Only one signer may be insured.

In husband and wife transactions, the husband should be insured whenever he is eligible even though he may be acting as endorser for his wife. If the note is in the name of a business or trade style, the life of an individual in the business may be insured by designating this on the Discount Sheet and having the person to be insured sign the Insurance Election Statement on the note or contract.

If coverage is to be placed on someone other than the person shown at the top of the Discount Sheet, or if the note is in the name of a business, the person to be insured must be designated in the space provided at the lower left of the Discount Sheet. The person to be insured must sign the contract or note and the Insurance Election Statement and indicate the date of birth.

When Credit Life Insurance is ordered, a Credit Life Certificate will be enclosed with the payment card book.

INELIGIBLE TRANSACTIONS - SALES FINANCE

To provide dealers with enough rate charts to take care of the few ineligible insurance transactions would be burdensome and confusing. Dealers should be provided with C) charts (life and disability) in all cases; when transactions are received that are not eligible by virtue of policy limitations, an adjustment must be made for the amount of the premium. Both the amount of the premium and the financing charges thereon must be reversed. The amount of the insurance premium should be applied to the appropriate flat rate chart (without insurance included) and the "Total Note Amount" therefore will be the amount which should be deducted from the last payment, interest and discount and the total note amount of the ineligible transaction. DO NOT ALTER THE CONDITIONAL SALES CONTRACT.

Since it is possible that the dealer failed to tell the customer of his ineligibility, the letter shown below should be sent to the customer when an adjustment is allowed.



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ER

Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

Pabruary 15, 1969

have purchased a Conditional Sales Contract from (Dealer) (Merchandise)

covering your recent purchase of and you will soon showing the amount and due date of r monthly paw

The charge made for hendling this transaction includes (Credit Life Insurance), (Disability Insurance), (Credit Life and Stashility Insurance); however, we find that you are not eligible for this coverage under the provisions of the insurance policy because (age, etc.).

Therefore, the final payment in your coupon book has been reduced by § ______, representing a refund of the insurance premium.

e are glad to handle this transaction for you and welco

PAYMENT OF PREMIUMS

The premium rate, paid by the bank, is 92c per thousand dollars per month based on the reducing unpaid balances of insured loans. The Monthly Insurance Report (19-921) of insurance premiums should be prepared on Business and Real Estate Loans only for those banks on the Automated System. Other banks should prepare the Report for Individual, Business and Real Estate. All reports should be sent to Consumer Insurance Services, Atlanta, by the 10th of each month. Complete instructions for computing and reporting these premiums are outlined in the bulletin: INSURANCE - REPORTING AND PREMIUM PAYMENT.

CORRESPONDENT BANKS

This coverage is available to our correspondent banks on the same basis that it Tis to CaS Banks except for claims procedure. New participants may be brought under this policy by signing three copies of the Application to Participate, which may be obtained from Consumer Insurance Services, Atlanta.

OPERATING BULLETIN

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5 of 12 Date 4-15-71

Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

PAYMENT OF CREDIT LIFE INSURANCE CLAIMS

Since the life insurance company will pay the gross amount outstanding on the note, we need to refund the unearned charges to the estate of the deceased along with the delivery of the paid-in-full papers. The life insurance premium becomes fully earned upon payment of a death claim. Therefore, use the method outlined below in place of the former rebate procedure.

REBATES

The unearned disability or retail fire and theft premium (if included)on the loan should be rebated as well as all unearned finance charges.

This is an example of a Sales Finance loan. (Over-the-Counter procedures are the same except for the dealer reserve entries).

Original loan for \$3,000, using chart CD-8.00AH36. Terms are 36 @ \$108.23.

NOTE	LIFE	DIS.	CHG.	TOTAL INS, & CHG.
3,896.28	66.24	75.98	754.06	896.28
Credited to	Int. & Disc		716.28	
Credited to	Dir. Reserv	•	180.00 896.28	

Paid by Credit Life Claim after 12 months. %clance \$2597.52. (Rebate factor - .451)

1. Determine amount of unearned life insurance premium. (This will not be refunded to customer's estate because it becomes fully earned upon death.)

Life Premium 66.24 Rebate Factor Unearned Premium

Obtain payoff information from computer. (Remember, it will be overstated by the amount of the "unesrned" life insurance premium of \$29.87 found in Step 1.)

Increase net payoff - and decrease interest and discount rebate - by the amount (29.87) of the "unearned" life premium.



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Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

COMPUTER RESPONSE TO PAYOFF IN	QUIRY	AD THE	STMENT		45
Loan Balance Late Charge Due	2597.52 10.00	AD30:	SIMENT		ADJUSTED TOTAL
Interest & Discount Rebate Reserve Rebate Net Payoff	281.90 81.18	-	29.87	-	252.03
Dara computer	2244.44	+	29.87	-	2274.31

Prepare computer entries as follows:

ACCOUNT NUMBER	EREST & DISCO	UNT	REBATE
	REBATE ALLOWED	TRAN. CODE	DATE REBATED
5201 12345	75203	68R	5-1-71
THIS SECTION MUST BE	E COMPLETED FOR ALL N	20	**
. 66.74	-34	EXPLA	
Likecia	TOTAL NO. HO	All Chin	
	10	- AMARE	WITH REBATE AMOUNT
ACQUIDITION CHANGE (SEE REVERSE)	12	AGREE BELOW TOTAL	Rebote 781.90
= 66.74	NO. HONTHS LOAD X . 45	To To	AMOUNT
= 66.74	NO. HONTHS LOAD X . 45	To To	Rebote 781.90
PAID BY CREDIT LI	NO. HONTING LOAD X . 45 MEBATE PACT Te CLIPIM	To To	Rebote 781.90
PAID BY CREDIT LI	NO. HONTHS LOAD X . 45	HAS RUN HAS RUN TOTAL	Rebote 781.90

ACCOUNT NUMBER	T LOAN BALANC	E	PAYOFF
5201 17345	7607.57	57	5-1-71
LOAN BALANCE + LATE CHARGE DUE	759752	INTER CODE ABOV	DESCRIPTION OF TRANSACTION
= AMOUNT OF TRANSACTION	757.03	53 54	REGULAR PAYOFF REPURCHASE BY DEALER REFINANCE—COS
- DEALER RES. REBATE	777431	56 57	PAYOFF BY ANOTHER LENDER REPOSSESSION PROCEEDS PAID BY LIFE INSURANCE
STONER - John A	uderson	50 PREPA	RED UM
1849	F-		

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Date 4-15-71

Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

ACCOUNT NUMBER 57 01 17345	REBATE ALLOWED SAR 12			10	173	DATE REBATED 5-1-71
THIS SECTION MUST S DEALER LOSS RESERVE + S PREPAID RESERVE TOTAL DEALER PARTICIPATION IN PINANCE CHARGE		TOTAL NO.	OF MONTHS	_		NESATE AMOUNT
CUSTOMER JOHN AND DEALER SMITH MOT	derso	, 시			ULATED	7-1-71 HM ST

 Use excess of insurance draft over net payoff to purchase check to "Estate of John Q. Deceased".

> Insurance draft 2597.52 Net payoff 2274.31 Check to Estate 323.21

The procedure is the same for those banks not automated and for Business and Real Estate Insured Loans. Since the computer payoff calculates the rebate retaining the acquisition charge, only the unearned life premium need be manually figured. However, when calculating the rebate on manual Individual, Business and Real Estate Loans subtract the acquisition charge and the total life premium before applying the rebate factor.



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Date 4-15-71

Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

DOCUMENTATION OF CLAIMS

Four documents are required to support the claim for payment of Credit Life Insurance: Proof-of-Death, a Creditor Beneficiary Statement, copy of the note, and copy of the Discount Sheet.

PROOF OF DEATH

Obtain a Certificate of Death, a Coroner's Statement, or the sworn statement of the physician attending at the time of death to be used as Proof-of-Death.

Insurance laws make all other types of documents unacceptable as Proof-of-Death. Photostatic, Verifax, Xerox, or 3M Copier copies may be used in lieu of the original document; however, Thermo-Fax copies cannot be used because they are not permanent when exposed to heat or sunlight.

CREDITOR BENEFICIARY STATEMENT

Complete all applicable spaces on the Creditor Beneficiary Statement as shown below. If the name of the insured on this statement is not exactly the same as that shown on the Proof-of-Death, complete the statement of identity on the Creditor Beneficiary Statement.

The insurance policy specifically limits payment to the amount <u>actually outstanding</u> on the date of the customer's death. If a customer <u>elects</u> to prepay a portion of his installments and then dies, the policy will pay <u>only</u> that amount <u>outstanding</u> at his death -- <u>NOT</u> the smount that was originally scheduled to be outstanding.

If payments have been made on a loan <u>after</u> the insured's death, <u>these payments</u> should be refunded to the person who made them. The Total Amount Prepaid and the Balance of Note on Date of Death should then be adjusted so that the amount claimed is the actual gross balance at the time of death.

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Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

CORRESPONDENT BANK DIVISION

Because of the difficulties in audit control, the insurance company has ruled that the decentralization of claims procedure cannot be extended to our Correspondent Banks participating under this policy. Consequently, Correspondent Bank claims will continue to be paid through Consumer Insurance Services, Atlanta, with Drafts on the Prudential Insurance Company of America.

Upon receiving notice of death of an insured customer, a properly completed Creditor Beneficiary Statement (see paragraph DOCUMENTATION OF CLAIMS on page 8), a Proof-of-Death, a copy of the note and a copy of the Discount Sheet should be sent to Consumer Insurance Services, Atlanta.

C&S BANK PROCEDURE

C&S offices will continue to pay their own claims on a direct basis. The procedure for processing these claims is as follows:

 Obtain Proof-of-Death and complete a Creditor Beneficiary Statement (see paragraph DOCUMENTATION OF CLAIMS on page 8).

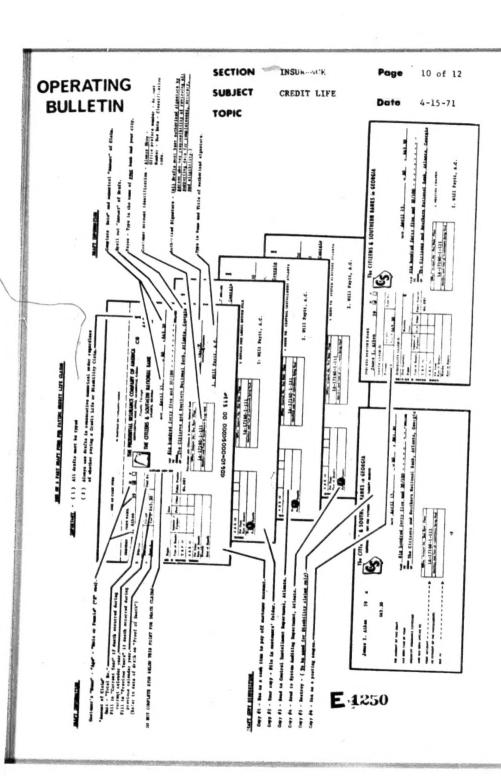
2. All national bank offices should use the American Southern
Life 6-part snap-out Draft form to pay the claim. All other
participants should use the Prudential 6-part snap-out form.
Each applicable space must be completed; Drafts will not be
honored if they are incomplete. A completed illustration with
explanation is shown on page 10. Although the Prudential draft
is illustrated, the instructions also apply to the American
Southern draft. Use one draft for each account that is being
paid off. If you are paying off more than one account for the
same customer, use a separate draft for each account.

IF AN ERROR IS MADE ON THE FACE OF THE DRAFT, IT WILL BE NECESSARY TO VOID IT; A DRAFT WITH ERASURES OR ERRORS IS NOT ACCEPTABLE. THEREFORE, EXTREME CARE SHOULD BE USED IN PREPARING DRAFTS.

Drafts are assigned to each office by number, and each of these drafts must be accounted for. To comply with this requirement when you void a draft --

- a. Write with a RED pencil the word VOID across the face of copies 1, 2, 3, and 4 of the Draft.
- b. Tear off and discard the signature space on copy 1.
- c. Send all six copies of the Draft to Consumer Insurance Services, Atlanta.

AFTER THE DRAFT HAS BEEN COMPLETED, TYPE IN THE DRAFT NUMBER AND THE DATE AND AMOUNT OF THE DRAFT IN THE SPACE PROVIDED ON THE CREDITOR BENEFICIARY STATISHENT AS INDICATED IN THE ILLUSTRATION (see page 8).



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Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

- 3. Make disposition of the copies of the Draft as follows:
 - a. Use copy #1 as a cash item to pay off the customer's account.
 - b. File copy #2 in the customer's file folder.
 - c. Send copy #3 to Consumer Insurance Services, Atlanta on the same day the Draft is drawn.
 - d. Send copy #4 to System Audit Department, Atlanta, on the same day the Draft is drawn.
 - e. Destroy copy #5. It is used only for disability claims.
 - f. Use copy #6 as a posting coupon if on the manual system. If on the automated system, destroy copy #6 and prepare computer payoff form #19-1225, code 57 Paid by Life Insurance
- 4. All participating banks should batch mail Proof-of-Death documents,
 Creditor Beneficiary Statements and copies of the note and the
 Discount Sheet to Consumer Insurance Services North Avenue Atlanta with copy #3, on a daily basis. Forward the documents on
 all claims paid that day. Be sure to attach each Proof-of-Death
 document with the corresponding Creditor Beneficiary Statement,
 note and discount sheet before they are mailed.
- 5. Delivery of paid-in-full papers to the beneficiary should be accomplished by a representative of the Bank. If this is not practicable, a letter should be sent, preferably signed by someone in the bank who is known to the family. A suggested letter is shown on page 12; however, it should be modified to fit individual circumstances.

ORDERING FORMS

Consumer Insurance Services will supply all necessary forms upon request (Creditor Beneficiary Statement, Draft forms, Prudential envelopes and the Honthly Insurance Report).

RELATED BULLETINS

INSURANCE - DISABILITY

INSURANCE - DISABILITY CLAIMS PROCEDURE INSURANCE - REPORTING & PREMIUM PAYMENT



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Date 4-15-71

Replaces Bulletin: INSURANCE - CREDIT LIFE - Dated 7-8-69

March 19, 1971

Administrator Estate of John Q. Deceased 2243 Toney Lane Decatur, Georgia

Dear Sir:

The enclosed note is marked "Paid-in-Full" because Mr. Deceased's loan was covered by Credit Life Insurance.

Since the insurance company paid the entire balance outstanding on the note, the estate is entitled to a refund of the unearned charges. Enclosed is our check for \$, covering this refund.

Please tell us if there is any way we can be of further help to you.

Sincerely,

Clifton B. Bone Assistant Vice President

Sales Finance - bc: To Dealer



BULLETIN

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INSURANCE

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CREDIT LIFE - L & D LOANS

TOPIC

CHANGE IN INSUROR

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Date

1-23-69

NEW BULLETIN

Effective 2-1-69, all L&D Loans of Correspondents and Associate Correspondents will be insured through Prudential Insurance Company of America under policy number GLY-281. All other partic pants will continue to be insured by American Southern Life Insurance Company.

1 of 1

CLAIMS

Any claim originating on or after 2-1-69 is to be paid under the Prudential policy. The date of death determines whether the claim should be filed through American Southern (1-31-69 and prior) or Prudential (2-1-69 and later).

PREDIUMS

Premium reporting continues unchanged.

BULLETIN CHANGES

INSURANCE - CREDIT LIFE - Lad LOANS is the only bulletin affected by this change. The name "Prudential Insurance Company of America" should be substituted for "American Southern Life Insurance Company". Policy number GLV-281 replaces 1150. No other changes are needed, so this bulletin will not be reissued at this time.

OTHER CHANGES

Some correspondent banks participating under this policy use a maturity tickler which has an American Southern Certificate printed on the back of the Customer's Notice copy. These banks will be furnished with a "VOID" rubber stamp which should be used on the back of the customer's copy before mailing. (When the Maturity Tickler is reprinted, the Certificate of Insurance will be omitted entirely).

A hand-out certificate for the Prudential policy will be furnished to all correspondents and should be given to the customer being insured at the time the loan is made.

ORDERING FORMS

An initial supply of all necessary Prudential forms has been sent to each bank affected. Forms should be requisitioned in the usual manner.



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LAD TIME LOANS

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Date

6/27/72

Replaces Bulletin: INSURANCE - CREDIT LIFE - L&D TIME LOANS - Dated 7/8/69

- Our Credit Life Insurance Program covering L&D Loans is now being administered by Insurance Services. Effective July 1, 1972, the premium rate on newly-insured loans is being changed to \$.92 per \$1,000 per month, which is equivalent to a 1.104% per annum rate. Customers will now be eligible provided they have not reached their sixty-sixth birthday on the date the loan is made. Other provisions of the program remain unchanged. The Automated Commercial Loan System has caused some change in procedure for banks that use it.
- In order to enjoy favorable claims experience, Insurance should be placed on a large percentage of the eligible notes. All lending officers should be completely familiar with the entire program, so they can explain its advantages to their customers. However, under no circumstances may our Credit Life Insurance coverage be made a condition of granting a loan. Under the provisions of Regulation Z, we have elected to make Credit Life Insurance an optional selection on our consumer time loans. In this way, the Insurance Premium will not become a part of the Finance Charge and Annual Percentage Rate.

CARRIER

R All C&S National Banks and Affiliates are covered under Citizens and Southern Life Insurance Company's Group Creditors Life policy #TL-1 on loans made after 7/1/72 and on policy #1150 on loans made prior to 7/1/72. All correspondent associates and correspondent banks are covered by The Prudential Insurance Company of America's group Master Policy GLV-281.

COPIES OF THE POLICY

Policies under both carriers are identical as to rate, provisions, and conditions. Each Master Policy is on file in Insurance Services. Correspondent banks have a signed copy of the accepted Prudential application in Taeir possession.

ELIGIBLE NOTES

Any note provided:

- The borrower has not reached his 66th birthday at the time the loan is made.
- The total principal amount is not more than \$5,000, and the customer's TOTAL INSURED INDEBTEDNESS, including the new note, does not exceed \$5,000.
- The note has a maturity date not exceeding one year. DEMAND LOANS ARE NOT ELIGIBLE FOR COVERAGE.
- 4. The indebtedness is to an individual or to a closely held corporation. Loans to proprietorships may be covered. Loans to small individually owned corporations may be insured so long as the

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Replaces Bulletin: INSURANCE - CREDIT LIFE - L&D TIME LOANS - Dated 7/8/69

person to be insured personally guarantees the loan. Loans to partnerships, associations, or other types of corporations <u>may not</u> be insured.

Notes do not have to be of single payment maturity, however, the final maturity date may not exceed $\underline{\text{ONE YEAR}}$.

Notes with a principal balance in excess of \$5,000 are not eligible for coverage. NOTES CANNOT BE COVERED IN PART. NO NOTE (EVEN THOUGH IT IS LESS THAN \$5,000) CAN BE INSURED WHERE ITS AMOUNT ADDED TO THE AMOUNT ALREADY INSURED UNDER ANOTHER NOTE(S) WILL EXCEED \$5,000.

If a note for less than \$5,000 is insured and a later note is made which cannot be insured because of the amount already covered, the first note may be insured again, at the time of renewal, if the amount being renewed and the amount of any other insured notes does not exceed \$5,000.

COMMERCIAL TRANSACTIONS

Transactions that are essentially commercial (see LENDING GENERAL - REGULATION Z - SUMMARY FOR TYPES OF LOANS COVERED) are not covered by Regulation Z, but some will be eligible for insurance. Where insurance is desired on such eligible transactions, use the Consumer Note (form #15-1100, Unsecured, or #15-1105, Secured). This will allow us to have one consistent method of acquiring and reporting insured L&D time loans.

INSURABILITY

In addition to the age limit, we do not wish to insure any borrower known to have any illness, disease or pre-existing condition which should make him uninsurable for any other type of life insurance coverage. While we are not expected to go into detail as to our customer's insurability, frequently the lending officer will know his customer well enough to be aware of a heart condition or other such health problem which makes the customer ineligible. In such cases, the loan should not be insured.

If the customer specifically asks for credit life insurance, particularly after having a series of uninsured loans, then most certainly questions should be asked concerning health. Inquiry should be made by the lending officer as to whether the borrower could pass a physical examination for the purpose of life insurance. If the answer is negative, then the borrower is uninsurable under this policy. We do not wish to insure any borrower who could not obtain a standard life insurance policy elsewhere.



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Replaces Bulletin: INSURANCE - CREDIT LIFE - LSD TIME LOANS - Dated 7/8/69

TERMINATION OF INSURANCE

Insurance automatically terminates when:

The indebtedness is discharged.

2. The indebtedness is transferred to another borrower.

3. The group policy terminates.

Past due more than six months beyond original maturity date.

Collateral repossessed or judgment entered in court.

RYBATE ON PRE-PAID NOTES

The Georgia Insurance Code requires that a rebate of unearned insurance premiums be given if a note is paid in advance. Premium rebates should be calculated on the Daily Pro-Rata Basis. The Automated Commercial Loan System calculates this in figuring the balance due each day.

COVERAGE ON PAST DUE NOTES

While the insurance does not terminate for six months after maturity (as shown above), coverage should not be maintained on a pastdue note for more than 30 days unless, in the opinion of the lending officer, special circumstances warrant. (In the event of a claim on a delinquent note, explanation must be given as to such circumstances. See section - FILING CLAIMS).

Since promiums are paid on outstanding balances, those pastdue notes insured will automatically be included. Lending officers and LaD personnel, nowever, must collect the pastdue premium along with the pastdue interest. The interest figures provided by the Commercial Loan System include additional premium on pastdue loans.

RATE TO THE BORROWER

The premium charge to the borrower is \$.92 per \$1,000 per month, corresponding to a 1.104% per annum rate.

PREMIUM ACCOUNTING AND REPORTING

ALL BANKS PARTICIPATING UNDER THIS POLICY WILL PAY PREMIUMS MONTHLY ON THE NET OUTSTANDINGS INSURED. Premiums will be paid on the net balance (principal, premium, base charge, and accrued interest) for each note insured at the rate of \$.92 per thousand dollars on loans made on or after July 1, 1972. Premiums on loans made prior to July 1, 1972 will be paid at \$1.00 per \$1,000.

C&S BANKS AND AFFILIATES

C&S Banks and affiliates are on the Automated Commercial Loan System. The premium for newly-insured notes (at 1.104% per annum) is credited to Interest and Discount-Time Loans at the time the loan is made. When the Commercial Loan Discount Sheet (form #15-3000 Rev.6/70) is prepared, list the insurance premium



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INSURANCE

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CREDIT LIFE

-

LAD TIME LOANS

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Replaces Bulletin: INSURANCE - CREDIT LIFE - L&D TIME LOANS - Dated 7/8/69

in the appropriate block, and irclude in the Total Loan Amount. Circle the appropriate code:

- 1. Credit Life
- 2. Ineligible
- 3. Refused

The Commercial Loan System furnishes Insurance Services with an Insured Loan Report for each office or bank. This report provides figures for premium payment. Insurance Services will debit banks other than Atlanta National. When the debit advice is received, credit C&S National Bank - Atlanta and debit your "Interest and Discount - Time Loans" general ledger account. Insurance Services will debit the "Interest and Discount-Time Loans" general ledger account of the Atlanta National Bank.

No Monthly Insurance Report will be necessary from C&S National Banks and affiliates.

CORRESPONDENT BANKS

- R Correspondent Associate Banks using the Automated Commercial Loan System will follow the procedure for National Bank offices and Affiliates. Other banks should use the following procedure:
 - The total premium on insured notes (at 1.1047 per annum) should be credited daily to the appropriate general ledger account.
 i.e., "Interest and Discount Time Loans".

Pay premiums on the original gross note (principal plus insurance premium, base charge, and total interest for the term of the note) at \$.92 per \$1,000 for loans made on or after July 1, 1972. On loans made prior to July 1, 1972, pay at \$1.00 per \$1,000.

As of the 20th of each month the Credit Life Insurance - Time Loans - Monthly Premium Report should be prepared and sent to:

The C&S National Bank Insurance Services 99 Annex Atlanta, Georgia 30399

It is essential that this report be mailed so that it reaches us as soon after the 20th each month as possible.

The report illustrated on page 6 is self-explanatory and only a minimum amount of information is required; however, the report must always be completed in its entirety.



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RENEWALS

Renewals should be treated as new notes and all criteria as to eligibility and insurability should be applied accordingly. The mere fact that the note was insured prior to renewal or that the customer might not have specifically been told of his ineligibility is not sufficient reason to insure an otherwise ineligible note.

INSURANCE STATEMENT

All consumer time loan notes (Consumer Note #15-1100, Unsecured, and #15-1105, Secured) are printed with an Insurance Statement. This provides for acceptance, refusal, date of birth and signature of the borrower. Only a signer or co-signer of the note may be insured and the person to be insured must sign the Insurance Statement. Where the customer is ineligible for insurance (age, indebtedness in excess of \$5,000 or health) spece is provided on the note for indicating that the customer is ineligible for insurance. In such cases the customer does not have to sign the Insurance Statement. In all other cases the customer must sign the Insurance Statement indicating either acceptance or refusal.

DISCOUNTED NOTES OR TRADE ACCEPTANCES

Discounted notes or trade acceptances should not be insured unless signed in the bank. If the maker of such notes is not our customer and not known to be insurable, we do not want to take the risk of covering him with life insurance. Where there is a Sales Finance installment loan relationship involved in Discounted Notes, such notes can be serviced as installment accounts and covered under our installment loan credit life policies.

EFFECTIVE DATE

Coverage is effective with the date of the note.

EXTENT OF COVERAGE

Upon receipt of the necessary claims forms, the appropriate insurance company will pay the net balance due as of the date of death (principal, premium, base charge and interest to date) on the customer's note with a maximum of \$5,000. THE \$5,000 MAXIMUM APPLIES TO THE TOTAL INDEBTEDNESS OF THE BORROWER whether it is one note or multiple notes so insured or whether the several notes are with the same office or bank or different banks insured under this same policy. Multiple note claims will be paid on a FIFO (first in first out) basis with respect to date of note. Each note will be paid for its net balance at date of death until the \$5,000 limit is used.

This policy contains a suicide clause which provides that a note must be continuously insured under this policy for two years before a suicide death claim can be paid. In the event of suicide, the insurance premium must be returned to the customer's estate.



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The CLS Notional Insurance Service 99 Annes Atlants, Georgia	**					
	THE PRODUCTIAL INSUS	LOANS ENGUN REI	PORT PANY OF AND	MICA		
	Central City Bank D BORBOWERS 203		1	- MITE	Just	1972
Total Amount of \$ 120,658.95	of Insured Outstandings		130:54	9 9.92 Pe	r \$1,000	
	NAME HOTES HADE BURING I			18		

Draw a check against the appropriate general ledger account (i.e., "Interest and Discount - Time Loans" etc.) for the amount of the monthly premium(\$1.00 pr. \$1,000 for loans made prior to July 1, 1972; \$.92 per \$1,000 for loans rade on or after July 1, 1972.) The check must accompany the Monthly Premium Apport.

Accounting procedures will vary in correspondent banks. Each correspondent participant under this policy will have to determine the most efficient method for tabulating notes insured and computing monthly outstandings. In all cases, individual notes should be marked to indicate the existence of insurance coverage and the age of the borrower.

Monthly, notes may be thumbed to tabulate the number and dollar amount of outstandings to be insured or if ledgers are marked to indicate which losns are insured the tabulation may be done from them. Whether using notes or ledgers list those losns in the minority; i.e., if the majority of losns are covered with insurance, list those not insured and subtract from the total control to obtain the insured outstandings.

CERTIFICATE OF INSURANCE

A Certificate of Insurance must be issued for each insured note at the time it is made or renewed. The certificate should list the insured person's name. In addition, the bank-branch code, gross losn amount, and losn date should be noted in the upper left corner of the certificate. Blank copies of the certificate should be under control of the L&D Teller. The C&S Life Insurance



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Company's certificate is illustrated below. A similar certificate is available for banks insured by Prudential.

CERTIFICATE OF INSURANCE

On the Life of

Under

GROUP CREDITORS LIFE INSURANCE POLICY

Issued by

THE CITIZENS AND SOUTHERN LIFE INSURANCE COMPANY

ATLANTA, GEORGIA

CHARGE FOR INSURANCE: The charge made to the debtor for this insurance is consistent with a rate computed on the basis of [80.92] per month per \$1,000 of life innurance.

FILING CLAIMS - C&S BANKS

DOCUMENTATION

Two documents are required to support a claim for payment of credit life insurance under the Citizens & Southern Life policy: A Proofof-Death and a Creditor Beneficiary Statement.

PROOF-OF-DEATH

Obtain a Certificate of Death, Coroner's Statement, or the sworn statement of the physician attending at the time of death, to be used as Proof-of-Death. Insurance laws make all other types of documents unacceptable as Proof-of-Death. Photostatic, Verifax, Xerox, or 3M Copier copies may be used in lieu of the original document; however, Thermofax copies cannot be used because they are not permanent when exposed to heat or sunlight.



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Replaces Bulletin: INSUANCE - CREDIT LIFE - L&D TIME LOANS - Dated 7/8/69

CREDITOR BENEFICIARY STATEMENT

N This form (as shown below) must be completed in quadruplicate. Distribution should be made as follows:

Copies 1 and 2 - send with Proof-of-Death to Insurance Services, Atlanta, along with a copy of the note and the commercial loan discount sheet.

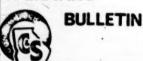
Copy 3 - send to your local auditor.

Copy 4 - retain as an office file copy.

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•			
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PROCEDURE

When completing the Creditor Beneficiary Statement, use your bank/branch number. The "original amount of note" is the principal, base charge, and accrued interest and insurance premium to date of death. Claims must be calculated as of date of death, even if the bank doesn't learn of the death until a late date. In this event, recalculate the net charges, including insurance premiums, as if it were a new loan having a term equal to the period from the loan date to the date of death. Interest and charges accrued after date of death in excess of \$10.00 must be charged to "Other Losses and Recoveries". The "balance of note on date of death" is the "original amount of note" less the actual amount paid. Send the original and one copy of the Credit 'r Beneficiary Statement and the Death Certificate to Insurance Services, Atlanta. A draft will be returned to you by Citizens and Southern Life.



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Page 9 of 10 Date 6/27/72

Replaces Bulletin: INSURANCE - CREDIT LIFE - LAD TIME LOANS - Dated 7/8/69

NOTE: If the date of death shown on the Death Certificate is more than 30 days after the maturity date of the note, an explanation as to why the pastdue note was insured must appear on the reverse of the original of the Creditor Beneficiary Statement (see preceding paragraph - COVERAGE ON PAST DUE NOTES.)

After payment, the note marked "paid" should be given to a lending officer (the one who made the loan, if possible) so that proper delivery to the estate or survivor can be made. Delivery should be made in person; however, if this is not practical, then an appropriate cover letter should be written.

FILING CLAIMS - CORRESPONDENT ASSOCIATES AND CORRESPONDENTS

DOCUMENTATION

Four documents are required to support a claim for payment of credit life insurance under the Prudential policy: A Proof-of-Death, a Creditor Beneficiary Statement (green), a copy of the note, and a copy of the discount sheet.

PROOF-OF-DEATH

Obtain a Certificate of Death, Coroner's Statement, or the sworn statement of the physician attending at the time of death, to be used as Proof-of-Death. Insurance laws make all other types of documents unacceptable as Proof-of-Death. Photostatic, Verifax, Xerox, or 3M Copier copies may be used in lieu of the original document; however, Thermofax copies cannot be used because they are not permanent when exposed to heat or sunlight.

CREDITOR BENEFICIARY STATEMENT

This form (illustration on page 10) must be completed in quadruplicate. Distribution should be made as follows:

Copies 1 and 2 - send with Proof-of-Death, and a copy of the note and discount sheet to Insurance Services, Atlanta.

Copy 3 - send to your local auditor.

Copy 4 - retain as an office file copy.

PROCEDURE

When completing the Creditor Beneficiary Statement form use the office code number which has been assigned to your office or bank for this purpose. For banks on the Automated Commercial Loan System, the "original amount of note" is the principal, base charge, and accrued insurance premium and interest to date of death. Other banks should use the total note amount. However, the unearned portion of the interest charge must be refunded to the borrower's (tate. Send the original and one copy of the Creditor Beneficiary Statement, along with the Death Certificate and a copy of thenote and discount sheet to Insurance Services, Atlanta. A draft will be returned to you.



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Replaces Bulletin: INSURANCE - CREDIT LIFE - L&D TIME LOANS - Dated 7/8/69

NOTE: If the date of death shown on the Death Certificate is more than 30 days after the maturity date of the note, an explanation as to why the pastdue note was insured must appear on the reverse of the original of the Creditor Beneficiary Statement (see paragraph on page 4 - COVERAGE ON PAST DUE NOTES).

After payment the note marked paid should be given to the lending officer (the one who made the loan, if possible) so that proper delivery can be made to the estate or to a survivor. Delivery should be made in person; morever, if this is not practical, then an appropriate cover letter should be written.

ORDERING FORMS

The Consumer Note #15-1100 (Unsecured) and #15-1105 (Secured) may be requisitioned in the usual manner from Purchasing Department, Atlanta. All other forms may be obtained from Insurance Services, Atlanta.

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INSURANCE

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CREDIT LIFE

TOPIC

REAL ESTATE LOANS

Page 1 of 11 Date 4-6-65

Replaces Bulletin:

"GENERAL OPERATIONS - INSURANCE, CREDIT LIFE - REAL ESTATE LOANS

Dated 12-8-59

Since June 15, 1959, we have made available Credit Life Insurance for first mortgage real estate loans. This bulletin has been revised to update and clarify procedures.

Continued emphasis should be given to placing this coverage on all eligible new loans so as to build up our insured outstandings. The protection provided should be thoroughly explained to each customer and he should be urged to take advantage of the opportunity of obtaining this insurance at a cost below that of ordinary mortgage term insurance. Only in this manner can we obtain a high percentage of participation and diversification of risks.

Each real estate lending officer in each bank should keep available for distribution to all prospective mortgagors a supply of the leaflet which explains the benefits of the policy. This may be obtained from System Consumer Credit, Atlanta.

INSURANCE CARRIER Coverage is provided through METROPOLITAN LIFE INSURANCE COMPANY - Creditors Group Policy Number 18886-G.

ELIGIBLE LOANS

This insurance is available to customers with first mortgage loans on dwellings they own and occupy or intend to occupy provided:

- A. Mortgage is repayable in monthly or quarterly installments over a period in excess of five years but not more than twentyfive years and is scheduled to mature before mortgagor attains age seventy or,
- B. If the mortgage is scheduled for repayment over a period of five years or less, the mortgagor may be insured even though the mortgage is scheduled to mature on or after age seventy.
- C. Mortgages with balloon payments may be insured provided the original monthly payments will have fully amortized the mortgage in twenty-five years (300 months) or before the mortgagor will have attained age seventy. No adjustment of the premium is necessary on balloon payments.
- D. Mortgages on multiple dwellings, with a limit of four family dwelling units, may be insured provided the owner occupies one of the apartments. Mortgages on buildings, part of which is a store or office and the remaining portion apartments - one being occupied by the mortgagor - may be included provided there are no more than four units in the building.

Many of our real estate loans will thus be eligible for coverage under our regular Credit Life policy with PRUDENTIAL and also under this policy. To avoid conflict, any "baby real estate loan" with interest computed on an add-on rate should be insured with PRUDENTIAL. Those amortized at a simple interest rate should be insured with METROPOLITAN.

OPERATING BULLETIN

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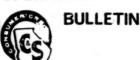
SUBJECT CREDIT LIFE

TOPIC REAL ESTATE LOANS

PLEASE CHECK THIS CAREFULLY AND FILL IN THE NECESSARY INFORMATION

			1	
PART I-To Be Completed			1	
I want to participate in the Grou I authorize you to add the cost of			ra navment	
1. FULL NAME of Proposed Insured		ce to my monthly mortgog	The state of the s	VES IT NO
		JONES	ailments or injuries which required treatment, examination or ad-	
		(Last Name)	vice by a doctor or at a clinic, hospital, dilpensary or sanatonium'	Yes
Z. Residence (Print) No. Street 205 West Main	Channe	AT TE	11. Have you ever been advised to modify or restrict your eating a drinking or living habits because of any health condition?	No
			12. Have you ever been treated for or been told that you had any	
City or Town Atlanta	Zone	Ga. 30305	of the following: (a) Heart trouble, dizzy spells or high blood pressure?	
3. (a) Place of Birth	(b)	(c) Married Single	thi Tiberculosis, asthma, bronchit, or pleurise?	No
Georgia	₩Male	☐ Widra(er)	(c) Ulcers, diabetes, gallstones or any disease of the liver?	
Georgia (State or Country)		☐ Diverced ☐ Separated	(d) Epilepsy, paralysis or any men'si disorders?	No
4. Date of Birth			(e) Cancer, tumor, gotter or any blood distant?	
5. Present Occupation	Day	12 Year 1923	(f) Rheumatism, nephritis or any disease of the kidneys?	No
(a) Job Title Office (b) Duties State fully the nature	ce Manage		13. Do you have any deformity, loss of fired or any known impair- ment of sight or hearing?	No
			14. Do you contemplate any surgical operation or hospital con I	
Supervision of o	office per	rsonnel	finement, or has any operation or confinement been advised and not performed?	No
6. Employer's Ace Elect	ronics			NO
7. Are you now in active full time above Employer? (11 "no" st		I Yes 🖸 No	15. Have you within the past five years been declined, post pende, or othered a policy other than and led for, by this or an other company or association in connection with an application for Life, Accident or Sickness Insurance III "Yes" give details including names of commise, dates and author taken.	No
8. What is your height and weight	. 5 . 3	in 155	16. If question 10. 11. 12. 13. 14. or 15 is answered "Yes" give to	
9. (a) When did you last 9-15 consult a doctor?	-	r. J.R. Black	to. It question 10, 11, 12, 13, 14, 01.13 is diswered to give to including: Guestion Butto Aliment or treatment Duration Name of doctor or instit	
	nual Che		10. 11/61 - Pneumonia - 3 weeks -	
	imant or "castme		Dr. J.R. Black-City	Hoen
	excellen		DI. J.R. Black-City	Hosp
be issued under the Group Policy. Life insurance Company shall for a	period of one yo	urance is issued and the steam during the insured's lifet	correct and wholly true and that they are the basis on which insur- alements and answers made are in any way incorrect or untrue, the life one commencing with the effective date of such insurance, be under no is greed that the linsurance Company reserves the right to request that I be	etropolita"
Dated at Atlanta . Ge	orgia	this 15t	h day of March	19 65
		- 40	0 0 0	
Witness to Signature AL	Ley 5		Signature of Mortgagor James J. Jenes	
PART II-If You Do Not W	ant the ins	urance Please Sign B	elow.	
I do not want to participate in t	this Plan, und	erstanding that I may not	t have the opportunity to join at a later date.	
Date			Signature of Mortgagor	
t, etc. R MTG A of \$90 paintents.	AND DE	-	This was closed to the state of	
7		APPLICATION	STATEMENT OF HEALTH	
		AFFEIGHTION .	STATEMENT OF REALTH	

(See Page 3 - "PERSON TO BE INSURED")



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Daie

FE - REAL ESTATE LOANS Dated 12-8-59

PERSON TO BE INSURED

The purpose of this insurance is to insure the person responsible for the monthly payments, so in the event of his death, the remaining balance of the mortgage may be reduced or discharged entirely. Therefore, on all loans made jointly to man and wife or to the wife only and endorsed by the husband, the husband will be insured in all cases.

If, on the other hand, more than one person, not husband and wife, but for example two sisters, signed the mortgage and both wish to be insured, satisfactory evidence of insurability will be required of each person. In such cases, each person should complete the APPLICATION - STATEMENT OF HEALTH, number G859-CR-MTG (illustrated on page 2). This form, along with Part 3 of the ENROLLMENT - STATEMENT OF INSURANCE form, number G730-C-MTG-18886G (see page 4), should be forwarded to System Consumer Credit and you will be notified whether the application has been approved or disapproved by METROPOLITAN, and whether a medical examination will be necessary.

In those cases where more than one person is to be insured, the persons being insured will share equally in the total amount of insurance that would have been available if only one had been insured. For example, if two persons are insured, each would be insured for 50% of the total amount of insurance applicable to that mortgage. In no event shall the total amount of the insurance exceed the total amount of the mortgage.

EXTENT OF COVERAGE For mortgages with principal balances through \$20,000, the outstanding principal balance will be insured. For mortgages with principal balance over \$20,000, \$20,000 of the insurance is provided initially and thereafter the insurance is a fixed percentage of the amount of the mortgage balance outstanding. For example, a loan of \$25,000 will initially be insured for \$20,000 which is 80% of the total, and thenceforth 80% of the principal balance will continue to be insured.

An individual may be insured only for the exact principal amount of his mortgage. He may not select a higher or lower amount.

TERMINATION OF INSURANCE The insurance automatically terminates at the time the indebtedness is paid in full, when it has been decided to foreclose, or when the loan is charged-off (past due loans not charged-off may be carried up to a maximum of six months but not beyond the original maturity date). The insurance also terminates upon the request of the mortgagor or upon transfer, assignment, or sale of the mortgage.

In the event of the death of a customer whose payments are past due for more than sixty days, the insurance settlement may be limited to the amount which would have been payable had the monthly installments been paid on schedule. On loans past due for less than sixty days, the insurance company shall pay the total principal balance due on the date of death.

OPERATING BULLETIN

SECTION INSURANCE

SUBJECT CREDIT LIFE

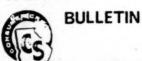
TOPIC

REAL ESTATE LOANS



E- 1267

OPFRATING



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COST TO THE CUSTOMER The age and amount of insurance when the mortgagor first becomes insured determine the amount he pays each month for insurance coverage. Simply multiply the original principal balance by the appropriate cost per \$1,000 to determine the amount to be included in the monthly payment. To determine the customer's insurance age, add six months to the effective date of his insurance; if his next birthday falls within that period, then the age of his next birthday will be used. Otherwise, his present age applies.

Insurance Age	Cost per \$1,000
Under 25	.23
25 - 29	.26
30 - 34	.33
35 - 39	.43
40 - 44	.59
45 - 49	.83
50 - 54	1.20
55 - 59	1.76
60 - 64	2.62
65 - 69	3.91

On each customer insured under this policy, ENROLLMENT - STATEMENT OF INSURANCE FORM it will be necessary to prepare the threepart snap-out ENROLLMENT - STATEMENT OF INSURANCE Form, number G730-C-MTG (reproduced on page 4). This form should be typed when the note and other necessary documents are being frepared. Part 3 of this form should be signed by the customer in the place indicated, as evidence that he desires this coverage. All of the spaces on this form

must be completed before the insurance can become effective. When completing this form. be certain to type in the full name of your bank below, and to the right of the form number on Part 1.

Part 1 of this form should be directed to the Installment Loan Department for accounting purposes and for preparation of the monthly premium statement. Part 2 is a Statement of Insurance which should be "snapped-out" and given to the customer along with any other mortgage papers which he might receive. Part 3 should be retained in the mortgage folder as evidence that the customer requested and received insurance coverage.

NOTES, SECURITY DEEDS AND OTHER PAPERS When preparing the note and any other doc aments which include the amount of payment and

note amount, show only the amount being amortized. Do not include the insurance premium. When ordering amortization schedules, be sure to enter on the post card requisition form the amount of payment without the monthly insurance premium. This should be explained to your customer so that he understands that the amount of insurance premium in no way affects the normal amortization of the loan.

Inasmuch as in most of our offices the real estate loans originate with a commercial officer and are then forwarded to the Installment Loan Department for accounting



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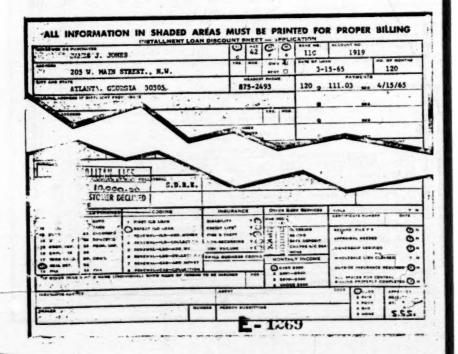
4-6-65

Replaces Bulletin: "GENERAL OPERATIONS - INSURANCE, CREDIT LIFE - REAL ESTATE LOANS"
Dated 12-8-59

billing, it should be the responsibility of the commercial officer to designate which loans are eligible and ineligible, etc. To facilitate this, rubber-stamps have been made available for all who need them. The person originating the transaction should imprint this on a piece of plain paper and circle the appropriate number before forwarding it along with the real estate papers to the Installment Loan Department. Only in this way can we be sure that the information we report to the insurance company is entirely correct.

DISCOUNTING PROCEDURES

The Installment Loan discount clerk, upon receipt of new real estate loans, will follow the normal discounting procedure, and in addition will credit the total insurance premium due over the life of the loan to the General Ledger account "Unearned Insurance Premium on Installment Real Estate Loans - Metropolitan Life Insurance Company." (This account is included under "Other Liabilities" on the Bank's Statement of Condition.)





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Replaces: Page 7 of "INSURANCE - CREDIT LIFE - REAL ESTATE LOANS", Dated 4-6-65

In addition, the Installment Loan discount clerk will use the rubber stamp mentioned above to imprint in the collateral section on the discount sheet, and circle the appropriate number. On insured loans, enter the original amount of insurance. This information should appear on all real estate loans, whether we charge a real estate simple interest rate or an installment loan add-on rate, and whether it be a first mortgage or second mortgage. Those computed at an add-on rate with PRUDENTIAL coverage should be classified "ineligible" for METROPOLITAN. The Central Billing Department will then show the appropriate information on all records, for example, "MET 1-10,000," etc. This information will be shown immediately preceding a description of the collateral.

After entering the account number on the ENROLLMENT - STATEMENT OF INSURANCE form, it should then be forwarded to the person in the Installment Loan Department responsible for maintaining the control sheet on insured loans.

ACCOUNTING FOR INSURED LOANS
To simplify our reporting procedures, it will be necessary to maintain a Control Sheet on loans insured under this policy, with a separate Control Sheet for each age group. This Control Sheet should be posted daily upon receipt of Part 1 of the ENROLLMENT - STATEMENT OF INSURANCE form. Be sure to post in the amount column only the amount of insurance applicable to each loan. In most cases, that will be the principal balance, but on loans over \$20,000, post only \$20,000. As ledger cards are returned by the Central Billing Department, they should be checked to be sure the eligibility code has been typed thereon. Part 1 of the enrollment form may then be discarded.

CONTROL SHEET

REAL ESTATE LOANS INSURED UNDER POLICY # 18886-G OF THE METROPOLITAN LIFE INSURANCE COMPANY

AGE GROUP 40-44

PRENTUN RATE PER \$1000---- 59

Date	Account	Name	Ins	ORIGINAL	NSURANCE	TOTAL	INSURED LOANS
	-	Name	Age	NEW LOAN	PAID LOAN	No.	AMOUNT
1.15.44	1131	THEMAS T. THEMAS	40	15,000.cc	- 1	1	15,000.00
1-9-65	1874	GRANT & GRANTLY	41	17,519.25		1	32,519.25
1-21-65	1816	KLARK K. KENT	42	16,073.40		3	46,592 65
1-4-65	1222	LOWELL L. LOYDD	45	20,000.00		4	68,592 65
2-12-65	1874	GRANT G. GRANTLY	41	7 Y	17,519.15	3	51,015.40
3 -4-65	1912	ADEL A ABEL	*	13,000.00		4	64,673.40
3 -15-65	1919	JAMES I JONES	+2	10,000.00		5	74.013.40
			- Chillian			1	

OPERATING BULLETIN

SUBJECT CREDIT LIFE
TOPIC REAL ESTATE LOANS Date 4-27-65

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BULLETIN

SECTION

INSURANCE

SUBJECT

CREDIT LIFE

TOPIC

REAL ESTATE LOANS

Page 9 of 11

Date 4-6-65

Replaces Bulletin: "GENERAL OPERATIONS - INSURANCE, CREDIT LIFE - REAL ESTATE LOANS"
Dated 12-8-59

As insured loans are paid out, it will be necessary to deduct them from the proper Control Sheet, being sure to deduct the same amount which was originally added as a new loan. The balances on these Control Sheets should be verified every six months by pulling out all insured ledger cards and listing the original amount of insurance.

PAYMENT OF PREMIUMS As of the end of each month, we must report to METROPOLITAN on the "GROUP INSURANCE PREMIUM STATEMENT". The information under "Determination of Current Premium Due" can be obtained simply by picking up the halances from each age group Control Sheet. The information under "New Loans Since Last Report" can be obtained from the copy of the IBM Credit Record prepared each month by the Central Billing Department (a sample is reproduced on page 8). The number eligible for insurance will be the total number of loans coded "MET 1" and "MET 2". The number insured for the month (MET 1) should agree with the total number of new loans added to your Control Sheets for the month. After all the appropriate spaces have been filled in, debit the General Ledger account "Unearned Insurance Premium on Installment Real Estate Loans - Metropolitan Insurance Company" for the total premium due and use this to purchase a check payable to The Citizens and Southern National Bank. Mail your report, along with the check, to System Consumer Credit, Atlanta, no later than the 10th of each month. A completed sample of this report is illustrated on page 10.

REWRITTEN AND REFINANCED LOANS

Any change in the mortgage agreement which lengthens the term of the mortgage, or reduces or increases the monthly payments, will for the purposes of insurance, place the loan in the category of a new loan. Therefore, the loan will be handled as a new mortgage and the insurance will be based on the new amount of the mortgage and the newly attained age of the mortgagor as of the effective date of the new mortgage.

CLAIM PROCEDURE

In the event of the death of an insured mortgagor, for any reason, send to System Consumer Credit, Atlanta: (1) A completed "REPORT OF MORTGAGOR'S DEATH" (form number 934-G-MTG - reproduced on page 11), (2) a copy of the certified death certificate, (3) the deceased moregagor's Enrollment forms.

"ENROLLMENT - STATEMENT OF INSURANCE" form, number G-730-C-MTG-1888-G - Part 3, and the "APPLICATION - STATEMENT OF HEALTH" form, number G859-CR-MTG (if one was obtained).

DELIVERY OF PAID-IN-FULL PAPERS

The paid-in-full papers on accounts paid by this insurance should not be handled in the regular paid-in-full routine. Where practicable, personal delivery by a representative of the bank is desirable. Where this is not practicable, a personally typed letter should be sent, preferably signed by someone who is known to the family.

REBATES ON PREPAID ACCOUNTS

Remember, on accounts which are prepaid in full, it will be necessary to debit the unearned insurance premium account for the total be arrived at simply by multiplying the number of unmatured payments by the amount of premium being paid each month.

OPERATING BULLETIN

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INSURANCE

Page 10.

SUBJECT

CREDIT LIFE

REAL ESTATE LOANS

4-6-65

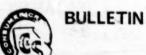
METROPOLITAN LIFE INSURANCE COMPANY
GROUP INSURANCE PREMIUM STATEMENT

TO: The Citizens & Southern National Bank Central Installment Department P.O. Box 4899 Atlanta 2, Georgia

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The Cit	izens & So	outhern Mag	tional Bank	Peachtree Office	18886-G
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PLEASE INDICATE REASON

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Ages 35-39	2	22,000.00		.43 s1000	\$ 9.46
Ages 40-44	6	94,073.4	94,073.40		\$ 55.50
Ages 45-49	2	35,700.00		.83 \$1000	\$ 29.63
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Ages 65-69				3.91 per \$1000	\$
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SECTION INSURANCE

SUBJECT

CREDIT LIFE

TOPIC

REAL ESTATE LOANS

Page

11 of 11

Date 4-6-6

Replaces Bulletin: "GENERAL OPERATIONS - INSURANCE, CREDIT LIFE - REAL ESTATE LOANS"

Dated 12-8-59

CORRESPONDENT BANKS This policy is available to our correspondent banks on the same basis as C&S Banks. New banks may be brought under the policy by contacting System Consumer Credit, Atlanta.

ORDERING FORMS Supplies should be ordered from System Consumer Credit, Atlanta.

	1 March	TEINSURANCE COMPANY INDI Avenue ik 10, New York	
*-	REPORT OF MO	RTGAGOR'S DEATH	
	Credite	or's Statement	
To. The Citizens & Southern Notice control Installment Department P. O. Bay 1899 Monta 2, Georgia			
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BULLETIN

SECTION INSURANCE

SUBJECT DISABILITY

TOPIC

Page

1 of 6

Date 4/15/71

Replaces Bulletin: INSURANCE - DISABILITY - Dated 7-10-69

Since Disability Insurance is an optional selection (under the provisions of Regulation Z) on our installment notes and conditional sales contracts, the insurance premium is not a part of the finance charge and annual percentage rate. Honthly rate charts provide for separate disability insurance premiums.

The coverage has been increased to a maximum monthly benefit of \$300 and maximum total benefits paid to \$15,000 effective May 1, 1971

POLICY INTENT

The intent of this policy is to protect the customer in true emergency situations where an extended illness may occur with the resulting loss of income causing serious delinquency for which no adjustment can be made. (Under normal circumstances it is possible to make delinquency adjustments in the case of minor illness where the loss of income is for a short duration only).

Disability Insurance thus removes one of the uncertainties in committing an obligation to be paid out of future income. In cases of extended illness, payments on installment obligations are automatically taken care of, leaving other funds and income available for extra expenses which generally accompany such illnesses.

For these reasons Disability Insurance has become an integral part of installment financing and by its widespread acceptance has proved its value and worth to both customer and dealer. For the dealer Disability Insurance means:

- Protection against repossession or repurchase in the event his customer suffers an extended illness.
- Protection of the "good will" of his customer as well as the customer's payment record so that future repeat sales may be made.
- Reduction of his collection effort and expense during a customer's period of extended illness.
- An aid in selling the over-all financing charges. The cost of Disability Insurance is still less than that of other companies for comparable coverage.

Dealers must understand that while the customer has the choice of insurance coverage we really expect very little drop in the penetration. They must therefore present it in a positive manner and where necessary strongly emphasize the benefits to the customer. Selections available: (1) life and disability insurance (2) life insurance alone, (3) no insurance. NOT available: Disability insurance alone.

INSURANCE CARRIER

All installment loans of The Citizens and Southern National Bank offices and the Citizens and Southern Financial Corporation are insured through the Citizens and Southern Life Insurance Company) under group policy number GL-3. All other participants are insured under Prudential Insurance Company of America, group policy GL-281.

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Date 4-15-71

Replaces Bulletin: INSURANCE - DISABILITY - Dated 7-10-69

WHAT CONSTITUTES DISABILITY

The definition of disability is "being prevented from performing any and every duty pertaining to the occupation of the insured". However, if the insured performs any work or engages in any business or other occupation for remuneration or profit, he shall not be deemed disabled under the policy. For example: A dentiat loses a hand. He cannot practice dentistry so he is disabled as long as he does no other work. However, if he begins selling dental equipment, he then is no longer disabled even though he still cannot practice dentistry.

2 of 6

ELIGIBLE BORROWERS AND PURCHASERS

To be eligible for coverage:

- The customer must be insured under the Credit Life portion of the policy.
- The note must be repayable in equal monthly installments over a
 period not exceeding seven years. (Notes with balloon payments are
 not eligible). As the single exception, freezer food plan paper
 with unequal beginning monthly installments is eligible. Seasonal
 payments on farm equipment and other classes of business are not
 eligible.
- 3. The debtor must be 61 years of age or less.
- 4. The debtor must be gainfully employed during normal workweeks of at least thirty hours (either for others or for self) at the time the loan is made. DEBTORS WHOSE ENTIRE INCOME IS FROM INVESTMENTS, RENTAL'S, PENSIONS, ETC., ARE NOT ELIGIBLE.

CLUSIONS.

Benefits under this policy are not payable if the disability of the debtor:

Was in existence at the time the loan was made or if disability
from the same cause existed during the six months immediately preceding the date of the loan. (The customer is still eligible for
benefits when disabled from any other cause than that creating the
disability on date of loan or preceding six months).

If such disability or history is known to exist at the time of the loan, Disability Insurance should not be placed.

- 2. Was the result of pregnancy, childbirth, abortion, or miscarriage.
- 3. Was the result of an act of war.
- Was contracted outside of the continental limits of the Unites States, Hawaii or Canada,

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Date 4-15-71

Replaces Bulletin: INSURANCE - DISABILITY - Dated 7-10-69

EFFECTIVE DATE

Insurance coverage is effective as of the date funds are disbursed on a direct loan or on the date of approval and delivery in the case of dealer paper. This protects the dealer for the period between his delivery of the merchandise and the dishursement of funds by the Bank.

EXTENT OF COVERAGE

After 30 days of continuous disability (beginning the count on the day disability first occurs), this insurance will pay each monthly payment which matures during the interval before the insured returns to work. Where the 31st day of disability and the due date of an installment coincide, this payment will be covered by Disability Insurance.

As long as he is then continuously disabled, the insurance will pay each subsequent payment concurrently with due dates. To receive benefits your debtor must be disabled on the due date. It is possible for one customer to be disabled for 59 days and receive no benefits while another disabled for the same length of time would have a payment paid - depending upon the relationship between the date the disability started and the due date of his payments.

In those cases where disability occurs beginning in the month of February and the customer is still disabled in March, we will pay the second installment coming due after the beginning date of disability as long as a whole calendar month has elapsed, even though it may be only 28-29 days since the onset of the disability.

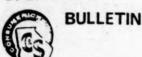
This rule applies only to disabilities originating during the month of February. The standard 30 day rule of eligibility will apply at all other times.

MAXIMIM COVERAGE

The total amount paid to any one debtor shall not exceed \$15,000, including death benefits and previously paid disability benefits. (This applies in the case of multiple offices having loans to the same individual as well as multiple loans within a single of fice). The total monthly benefits under this policy shall not exceed \$300, whether on one loan or on more than one for the same customer.

OTHER BE "175

The insured has 90 days after the end of the first month of disability in which to tile civia. Delinquencies at the scheduled maturity date are paid up to 6 months. (:...: INSURANCE - DISABILITY - CLAIMS PROCEDURE).



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Date 4/15/71

Replaces Bulletin: INSURANCE - DISABILITY - Dated 7-10-69

RATE TO THE CUSTOMER

The Citizens and Southern monthly rate charts with the symbol "CD" indicate separately the premium for Disability Insurance. The charge to the customer per annum of the note amount for disability is calculated at:

.65% for terms to 60 months

.61% for terms of 61 - 72 months

.58% for terms of 73 - 84 months

This is the equivalent of premiums paid by the bank.

INSURANCE ELECTION STATEMENT

All installment notes and contracts are printed with the insurance election statement. This provides for acceptance, refusal, date of birth and signature of the borrower. Only one signer or one co-signer of the note may be insured and only the person to be incured must sign the insurance election statement. Where the customer is ineligible for insurance (age, health, amount, terms or gainful employment) the election statement need not be signed. In all other cases the customer must sign the insurance statement indicating either acceptance or refusal.

REQUISITIONING DISABILITY COVERAGE

Disability coverage is requisitioned by checking the appropriate insurance space on the Discount Sheet. Where Disability Insurance is in force, Installment Loan Control will attach both the Credit Life and Disability Certificates to the Payment Card Book. (Disability can be placed only in conjunction with Credit Life)

INELIGIBLE TRANSACTIONS - SALES FINANCE

When transactions are received that are not eligible by virtue of policy limitations, an adjustment must be made for the amount of the premium. Both the amount of the premium and the financing charges thereon must be reversed. The amount of the insurance premium should be applied to the appropriate flat rate chart (without disability OR disability and life insurance included) and the "total note amount" therefore will be the amount which should be deducted from the last payment, interest and discount and the total note amount of the ineligible transaction. DO NOT ALTER THE CONDITIONAL SALES CONTRACT.

Since it is possible that the dealer failed to tell the customer of his ineligibility, the letter shown on page 5 should be sent to the customer when an adjustment is allowed.



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Replaces Bulletin: INSURANCE - DISABILITY - Dated 7/10/69

February 15, 1962

Dear Mr. Customer-

We have purchased a Conditional Sales Contract from (Merchandise) covering your recent purchase of (Merchandise) and you will soon receive a coupon book showing the amount and due date of

your monthly payments.

The charge made for handling this transaction includes (Credit Life Insurance). (Disability Insurance). (Credit Life and Disability Insurance); however, we find that you are not eligible for this coverage under the provisions of the insurance policy because (age, etc.).

Therefore, the final payment in your coupon book has been reduced by \$______, representing a refund of the insurence premium.

We are glad to handle this transaction for you and welcome the opportunity to become "your" bank.

Sincerely

PAYMENT OF PREMIUMS

- The premium rate, paid by the bank, is calculated at 1.08 per \$1,000 of insured balances.
- The Honthly Insurance Report, #19-921 on insured premiums should include only Business and Real Estate Insured Loans for those banks on the Automated System. All other banks should; epare the Report for Individuals, Business and Real Estate computing and reputing premiums as outlined in the bulletin: INSURANCE - REPORTING AND PREMIUM PAYMENT. The report should be prepared and sent to Consumer Insurance Services, 9 North Avenue, Atlanta by the 10th of each month.



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Date 4/15/71

Replaces Bulletin: INSURANCE - DISABILITY - Dated 7-10-69

TERMINATION OF INSURANCE

The insurance terminates automatically at the time the indebtedness is paid in full, at the time of repossession (by Bank or dealer), if judgment is entered in any court, or when the loan is charged-off (past-due loans not charged-off may be carried up to a maximum of six months).

The Georgia Insurance Code requires that a refund of the unearned insurance premium be made if a customer pays out his note in advance. It also requires that the refund be computed by the "78ths" method. However, it states that a refund need not be given if it amounts to less than \$1. We are already complying with the Code on refunds; consequently, no change is needed in our procedures.

CORRESPONDENT BANKS

This policy is available to our Correspondent Banks who participate in our Credit Life Insurance Policy, on the same basis that it is to C&S Banks except for claims procedure. New participants may be brought under this policy by signing three copies of the Application to Participate, which may be obtained from Consumer Insurance Services, Atlanta.

Correspondent Banks using the billing service are eligible to participate and will have the coupon size certificate inserted in their payment books as part of their billing procedure.

RELATED BULLETINS

INSURANCE - DISABILITY - CLAIMS PROCEDURE

INSURANCE - CREDIT LIFE

INSURANCE - REPORTING & PREMIUM PAYMENT



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CLAIMS PROCEDURE

C&S BANKS

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Dute 7-29-69

Replaces Bulletin: INSURANCE - DISABILITY - CLAIMS PROCEDURE - Dated 12-1-66

CAS National Bank offices participating under the American Southern Life Insurance Company policy GL-2 will use that company's claims forus and drafts (identical to those of Prudential) for all claims originating 10-1-68 and later. Claims originating prior to 10-1-68 should be paid under the Prudential policy and the appropriate claims forms and drafts used. THE DATE THAT THE CUSTOMER BECAME DISABLED GOVERNS WHICH POLICY APPLIES (not the date eligible for his first payment). If disability occurred on or after 10-1-68 use American Southern - prior to 10-1-68 use Prudential.

CLAIMS PROCEDURE

Disability claims procedure is outlined below. Subsequent paragraphs of this bulletin and illustrations shown throughout contain detailed explanations of each step followed in completing the forms.

- 1. Notice of possible claim.
 - A. Determine that a legitimate claim exists.
- 2. Obtain properly completed supporting report forms.
 - A. Determine if customer and/or physician's statement is needed.
 - B. Verify disability when required.
- Complete 6-part draft form.
 (The same draft form that is used for Credit Life is used to pay Disability claims).
- Check report forms, draft form and previous Disability claim forms for eligibility and correctness. Sign draft.
- 5. Distribute draft copies.
- 6. File claim papers.

NOTICE OF POSSIBLE CLAIMS (Step #1)

It is the responsibility of the customer to advise the bank of the possibility of a claim under this policy. The insured has 90 days after the end of the first month of disability in which to file claim (previously 60 days). Conversation with the customer, an inspection of the ledger card, and a review of the customer's file are of assistance in determining the probability of the existence of a claim. Before permitting a customer to inconvenience himself by filling out a claim form and securing the necessary doctor's statement, we should determine that a legitimate claim does exist.



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Date

7-29-69

Replaces Bulletin: INSURANCE - DISABILITY - CLAIMS PROCEDURE - Dated 12-1-66

- Is the customer eligible for Disability coverage? Was he or she younger than 62 years of age at the time the loan was made? Was he or she gainfully employed (either by others or for self) at the time the loan was made?
- Is the installment loan repayable in equal monthly installments over a period not exceeding seven years?
- Was this particular disability in existence at the time the loan was made or for six months preceding the date of the loan?
- Has the disability been, or will it have been, in existence for 30 days prior to the date of the payment for which claim is being made?
- Is the disability due to an excluded cause, i.e., pregnancy, act of war, etc.?

QUESTIONABLE CLAIMS Whenever you have a questionable claim, submit it to Consumer Insurance Services, Atlanta, before paying, so that it may be discussed with the insurance company. Be sure the customer understands that no commitment has been made and that the insurance company must review the claim before payment can be made.

SUPPORTING REPORT FORMS (Step #2) Use the FIRST REPORT form (see illustration which follows) for all claims in which the 30 day waiting period is involved. All such claims must be supported by a First Report form, completed by both the customer (or his closest relative) and the physician.

Use the CONTINUANCE REPORT form (subsequently illustrated) for all continuing claims after the First Report form has been complied with. Continuance claims are of two major types - those where the physician is uncertain of the length of disability and those where the physician feels the customer to be totally and permanently disabled, either for a specified length of time, for a period which runs beyond the due date of the final installment of the customer's account, or for the remainder of the customer's

In cases of uncertain length of disability, a Continuance Report will need to be completed by the customer (or his closest relative) and the physician each time a claim is made. In cases where the disability is known to continue for a long period of time or for the length of the loan, it will not be necessary to obtain a Continuance Report signed by the customer and physician for each payment claimed. In such cases, each month as the payment becomes due, the hospital or other institution, the physician. or the employer should be called to verify that the customer is still disabled (unable to work). A Continuance Report should be filled out as shown in the following illuscration, indicating the verification as shown.

POOR COPY

FIRST REPORT FORM

Must always be completed on first installment(s) being claimed at the beginning of each disability. (Use whenever 30 d y waiting period is required.)

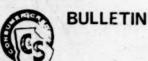
SECTION INSURANCE

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SUBJECT DISABILITY

TOPIC CLAIMS PROCEDURE

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COMPLETION OF DRAFT FORM (Step #3)

Use the six part snap-out draft form (illustration follows), completing it with care so as to avoid errors. No erasures on the face of the draft are permitted. If errors occur, it will

errors. No erasures on the face of the draft are permitted. If errors occur, it will be necessary to void the draft. (Refer to the paragraph "VOIDING DRAFTS" for procedure to follow when drafts must be voided.)

Use a separate draft form for each account on which claim is being paid. (See subsequent paragraph "MULTIPLE ACCOUNTS"). More than one installment on the same account may be paid by the same draft.

In the event insurance has been placed on a co-maker (both life and disability), be sure that the insured's name is typed in the upper left hand corner of the draft. To assist in account identification show the name of the maker (name loan is in) on the face of the draft near the account number.

AFTER COMPLETING THE DRAFT, TYPE IN THE DRAFT INFORMATION ON THE FIRST CONTINUANCE REPORT FORM (DRAFT NUMBER, AMOUNT, AND DATE OF DRAFT).

CHECK REPORT AND DRAFT FORMS FOR ELIGIBILITY AND CORRECTNESS (Step #4)

Before signing the draft, the supporting report form and the draft should be checked for eligibility, completeness and correctness. Use the following procedure.

A. First Report Claims

- Check the five points of eligibility listed under "Notice of Possible Claims" (Step 1).
- Use the customer's statement to determine previous disability (on the date of the loan or during the preceding six months).
- 3. Use physician's statement for dates of disability, both beginning and ending. (At times there will be a discrepancy between the beginning date of disability. Ordinarily we will use the physician's date, so long as it does not affect eligibility. Sometimes a customer may become disabled prior to the date he sees his physician. Should there be no more than seven day's variation, we will accept the date supplied by the customer, after verifying with the employer the date last worked.)
- Check the date the customer indicates that he returned to work. (Customer must have been disabled on the date of installment being claimed.)

USE OF 6 PART DRAF : FOR PAYING DISABILITY CI. 1145

ALL DRAFTS MUST BE TYPED

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Date 12-1 PRAFT SHELBRATTON Allows on dealth in construction numerical or by Exercises of whither puring a landelities of "So fat have class or Complete." "BAPE" and no version annumbly or loss \$0.11 and \$490.95" of dealt. PARE - type in the bank of To 4 Bonk and C So each complete. Buy space on this issue of fire and which paratho a fresh like claim smare 5. MATERIA SAFE - SN-w Jose Peter of Fred Special-Show amount of deats and A" for x1955 or CONTINUAS-(OPER) . East on "Ind. I.es The State of States of Sta Type selve I I. WELL POVIE, OFFICE BLORDS - ACCOUNT WINDS - DO LAST.

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B. Continuance Report Claims

 Check the Continuance Report to determine that disability has been continuous since the date of the last installment claimed.

Occasionally you will have a claim where the customer indicates that he has returned to work (with or without his physician's consent) for a few days, but has had a relapse and has been disabled for the balance of the time between installments. Honor ill such claims as long as the customer did not return to work for a period in excess of five days. If the time at work is in excess of five days, the 30 day waiting period is automatically reinvoked and the claim must be treated as if it were a First Report claim.

*The definition of disability has been broadened to: *Being prevented from performing any and every duty pertaining to the occupation of the insured". However, if the insured performs any work or engages in any business or other occupation for renumeration or profit he shall not be deemed disabled under the policy. For example: A dentist loses a hand. He cannot practice dentistry, so he is disabled as long as he does no other work. However, if he begins selling dental equipment he then is not longer disabled even though he still cannot practice dentistry and even though his physician states that he is unable to perform this occupation he was engaged in at the time the disability began.

*In some instances the insured is permitted to return to work for a couple of hours per day by his physician as part of his rehabilitation. Where this is the case and the physician states that the insured is unable to work more than this length of time, we will qontinue to honor claims as long as all the above factors hold true. If the insured is permitted to work have (4 hours) or more the claim cannot be honored.

You may occasionally have a customer who may be originally disabled from one cause and, before returning to work, subsequently becomes disabled from another cause. As long as the disability (inability to work) has been continuous, such claims are to be treated as if the customer had had the same disability for the entire period.

Frequently customers will change physicians several times during the course of a disability. This in no way affects eligibility; however, in such cases a physician's statement should be obtained from each physician covering the period of time of his statement.

It is possible for a customer to lose his job during or even before his disability. This does not cause ineligibility. The policy requires that the customer be gainfully employed (workweek of not less than 30 hours) at the time the loan is made. If the customer subsequently becomes unemployed (for any reason), he still remains eligible for benefits under this policy. However, since the customer obviously has no job to return to, the ending date of disability will be that date shown by the



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physician as the date his patient was first able to return to work. In claims of this sort, a customer's and physician's statement must be obtained each month.

Remember to check the present Continuance Report form against that of the preceding month (First or Continuance). Be certain that there is proper continuity between the report forms. Check the ledger care to be certain that the proper installment is being claimed. The due dates of installments being claimed (as shown on the various draft copies used to pay a continuing claim) must be in proper consecutive order.

Sign the draft.

DISTRIBUTE DRAFT COPIES (Step #5)

Copy #1 - Use as a cash item to pay the installment(s) being claimed on the customer's account.

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CONTINUANCE REPORT FORM

To be used on <u>all</u> claims under the same continuing disability <u>after</u> the first report has been used on the initial claim. SECTION INSURANCE

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Date 12-1-66

1	THE PRUDENTIAL INSURANCE O	COMPANY OF AMERICA
Palicy No. CL - 381		THE CITIZENS & SOUTHERN MATIONAL GOVER
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3/14 , 52	Fra a Current (5)	302 Medical Bldg Macon, Ga. PHONE MY 7-7777
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PASS IN DRAFT NO. 8102	S36.43	85 Bart OF BEAFT Harch 15, 1962
0100	030.43	1000

- 1 * CUSTOMER'S NAME For identification.
 - CONTINUANCE OF DISABILITY Disability must be continuous from date of last installment claimed.
 - LINCTH OF DISABILITY Use in deciding method of handling future continuance claims.

 EMD OF DISABILITY Date in <u>either</u> space terminates claim.
 - DATE OF STATEMENTS Must be on or after date of installment claimed.
 - SIGNATURES OF STATEMENS'S Both statements must be signed (closest relative should sign if customer cannot)
- 1) * VERIFICATION Indicate with whom and initial whenever necessary to verify any information on either statement (see below).
- DRAFT IMPORMATION After draft has been completed glways fill in for identification.

WHEN MAKING A VERIFICATION

If the previous First or Continuance Report indicated disability of prolonged duration, no Continuance Report will have been mailed to customer with receipt for last installment. Verification (phone or mail) must be made with physician, installment, or employer that disability has been confinuing aims the last installment. Alwars use a Continuance Report to show such verification. Then verification is by mail, attach letter (from physician, institution, or employer) to Continuance Report. Fill in customer's name and draft information. The above steps of completion within are marked with an asterisk (*) must appear III verification report forms

- REMETER

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- Copy #2 File in the customer's folder along with the corresponding report form. These (draft copy and report form) are subject to periodic audit by:
 - 1. The local auditors.
 - 2. System auditors during annual audit.
 - System Consumer Credit Department during Operational Training Visits.
 - The Prudential Insurance Company.
- Copy #3 Send to Consumer Insurance Services, Atlanta, the same day the draft is drawn.
- Copy #4 Send to System Auditing Department, Atlanta, the same day the draft is drawn.
- Copy #5 This should be mailed to the customer as a receipt, thereby giving him a record of payment. (Along with the receipt to the customer, . the Important Notice form (19-844), illustrated below, and a blank Continuance Report form should be included if there is a possibility that this will be a continuing claim.)



The CITIZENS & SOUTHERN BANKS in GEORGIA

IMPORTANT

IF YOU ARE STILL DISABLED ON THE DATE YOUR NEXT PAYMENT ON THIS ACCOUNT BECOMES DUE. THE ENCLOSED CONTINUANCE REPORT SHOULD BE COMPLETED BY BOTH YOU AND YOUR PHYSICIAN, YOUR DISABILITY MUST CONTINUE UNINTERRUPTED IF YOUR DISABILITY INSURANCE IS TO PAY YOUR NEXT INSTALLMENT. IN MAKING APPLICATION FOR DISABILITY BENEFITS, PLEASE SEE THAT THE BANK HAS THE COMPLETED REPORT NO LATER THAN S DAYS AFTER THE DUE DATE OF YOUR PAYMENT.



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Cases in which no Continuance Report should be mailed:

(a) Paid out claims has paid final installment.

(b) Customer has returned to work.

(c) Physician's statement on current claim indicates total permanent disability for a prolonged period of time or for balance of the life of the loan.

Copy #6 - Use as a posting coupon, marking the ledger card "PD" in the payment coding space to indicate that payment was made by a Disability claim.

VOIDING DRAFTS

Drafts must be prepared carefully so that they are correct and do not contain any erasures, strike-overs, etc. If, however, such an error is made, it will be necessary to void the draft. Since drafts are issued to each office in numerical sequence and each number must be accounted for, the following procedure must be used whenever a draft is voided.

- 1. Using a red pencil, write the word "VOID" on the face of copies 1, 2 and 3.
- 2. Tear off the signature space on copy #1 and destroy.
- Be sure that the office designation is shown on the draft in the appropriate space so that the auditors may identify the office issuing the voided draft.
- 4. Send all six copies to Consumer Insurance Services, Atlanta.

FILING OF CLAIMS PAPERS (Step #6)

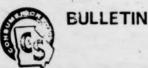
The report forms should be filed in the customer's folder. Legal retention time for supporting report forms is five years from the ending claim date. When a claim is closed, all folders are being stripped and the file destroyed. Disability report forms should be filed alphabetically in a permenent file. The permanent file should be reviewed annually and report forms covering claims five years old should be destroyed.

NOTICE PROCEDURES

When past-due notices are sent, the notice clerk should be on the look-out for all accounts where the last payment was coded "PD". These accounts should be immediately referred to the Collection Department to determine if the delinquency has developed because of failure to file a Disability claim.

PAST DUE ACCOUNTS

Effective 12-1-66 the policy benefits have been broadened so as to pay certain delinquent payments after the originally scheduled maturity date for up to 6 months provided the customer remains continuously disabled. If the account is past due at the time disability begins, these payments may now be claimed during the six months period following the date of final maturity. This will not cover any installment falling due during the 30 day waiting period.



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However, if the customer does not remain disabled for the entire term of the loan and long enough afterwards to file monthly for those payments past due, collection of past due payments may be difficult at such a later date. At the initial contact with the customer, the length of disability should be considered. If it is obviously to be a short one or to cease before the final maturity date, arrangements must be made to take care of any unpaid installments not then eligible for Disability payment. In any case, the customer should be advised that if his disability ceases before final maturity date, the delinquent payments will not be covered by Disability.

In cases of unusual hardship and where credit factors warrant, an extension of past-due payments may be in order. However, in making such extensions, remember that you are shortening the six months period after the date of the <u>originally</u> scheduled final maturity.

*PREPAID ACCOUNT

If disability occurs on a prepaid account, claims will be handled as if the account were not prepaid. The borrower is entitled to one payment each month (after the waiting period) whether the account is prepaid or past-due. The insurance company has ruled that, if a disability continues through the final installment, we must pay any pre-paid payments that would have been eligible for payment during the period of disability had the account not been pre-paid. However, these should not be paid until the final installment is claimed. At that time, make for all the pre-paid installments that the customer was entitled to as well as the final payment.

In preparing the draft form use in the space for "Month(s) and Year of Installment Being Paid", the date that would exist if the account were neither prepaid not past-due. This means that this date may not necessarily coincide with the next open due date on the ledger card. When making claim for prepaid installments, show all months being claimed in this space (actual date of pre-paid installments as they were originally scheduled to the ledger card.)

MULTIPLE ACCOUNTS

When making a claim, be sure to check the customer's wheeldex card, ledger card and folder to be certain that claim is made for all eligible payments on all of the customer's accounts covered by Disability Insurance. When making claim for payments on more than one account for the same customer, only one First Report or Continuance Report is necessary; however, a separate Draft form (Snap-out) is required for each account. Remember that a total of \$250 per month is the maximum amount payable under Disability Insurance.

ORDERING FORMS

First and Continuance Report forms, and Drafts may be ordered from Consumer Insurance Services, Atlanta. The Important Notice (19-8-may be requisitioned from the Purchasing Department, Atlanta. Please keep only a minimum supply of all necessary forms in your office.

RELATED BULLETINS

INSURANCE - DISABILITY INSURANCE - CREDIT LIFE
INSURANCE - REPORTING & PREMIUM PAYMENT



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CORRESPONDENT BANKS

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Disability insurance, in addition to being a real protection for your customers, is a good-will builder. As such, it has become an important part of any retail installment financing package. A complete understanding of the provisions of the policy covering Disability insurance, as well as the procedures necessary for the handling of claims is absolutely essential to insure your customers the full benefits of this coverage. This bulletin will assist you in filing claims for your customers under the Disability insurance policy.

Claims are paid through Consumer Insurance Services, Citizens and Southern National Bank, P. O. Box #4899, Atlanta, Georgia 30302. Each legitimate claim should be paid as soon as possible. To avoid carrying claims in suspense over a prolonged disability. each installment is treated as a separate claim as it becomes eligible for imsurance payment. You should give careful attention to completing the necessary forms in submitting your claims.

CLAIMS PROCEDURE The procedure for filing disability claims is outlined below. The illustrations shown throughout subsequent paragraphs of this bulletin contain detailed explanations of each step to be taken in completing the forms.

- 1. Notice of possible claim.
 - A. Determine that a legitimate claim does exist.
- 2. Obtain properly completed supporting report forms.
 - A. Tetermine if the customer's and/or physician's statement is needed.
 - B. Verify disability when required.
- 3. Complete "Claim for Disability Benefits" (snap-out forms).
- 4. Check report forms, snap-out "Claim for Disability Benefits" forms, and previous disability claim form for eligibility and correctness.
- 5. Send report form and the snap-out "Claim for Disability Benefits" form to Consumer Insurance Services, Citizens and Southern National Bank, P. O. Box #4899, Atlanta, Georgia 30302.
- 6. When the draft and copy, customer's Receipt and Posting Coupon are returned. use the draft to pay the installment claimed. Using the Posting Coupon, post the ledger card, send customer his receipt, and file the draft copy in the customer's folder to use in filing subsequent claims.



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Date 7-29-69

Replaces Bulletin: INSURANCE - DISABILITY - CLAIMS PROCEDURE - CORRESPONDENT BANKS Dated 12-1-66

NOTICE OF POSSIBLE CLAIMS (STEP 1) It is the responsibility of the customer to advise the bank of the possibility of a claim under this policy. The insured has 90 days after the end of the first month of disability in which to file claim (previously 60 days). Conversation with the customer, an inspection of the ledger card, and a review of the customer's file are of assistance in determining the probability of the existence of a claim. Before permitting a customer to inconvenience himself by filling out a claim form and securing the necessary doctor's statement, we should determine that a legitimate claim does exist.

- 1. Is the customer eligible for Disability coverage? Was he or she younger than 62 years of age at the time the loan was made? Was he or she gainfully employed (either by others or for self) at the time the loan was made?
- 2. Is the installment loan repayable in equal monthly installments over a period not exceeding seven years?
- 3. Was this particular disability in existence at the time the loan was made or at any time during six months preceding the date of the loan?
- 4. Has the disability been, or will it have been, in existence for 31 days prior to the date of the payment for which claim is being made?
- Is the disability due to an excluded cause, i.e., pregnancy, act of war, etc?

QUESTIONABLE CLAIMS Whenever you have a questionable claim, submit it to Consumer Insurance Services, P. O. Box 4899, Atlanta, Georgia 30302 s: that it may be discussed with the insurance company. Be sure the customer understands that no commitment has been made and that the insurance company must review the claim before payment can be made.

SUPPORTING REPORT FORMS (STEP 2) Use the FIRST REPORT form (see illustration which follows) for all claims in which the 30 day waiting period is involved. All such claims must be supported by a First Report form completed by both the customer (or his closest relative) and the physician.

Use the CONTINUANCE REPORT form (subsequently illustrated) for all continuing claims after the First Report form has been complied with. Continuance claims are of two major types - those where the physician is uncertain of the length of disability and those where the physician feels the customer to be totally and permanently disabled, either for a specified length of time, for a period which runs beyond the due date of the final installment of the customer's account, or for the remainder of the customer's FIRST REPORT FORM
Must always be completed on first
installment(s) being claimed at the

beginning of each disability. (Use whenever 30 day waiting period is required.)

SECTION INSURANCE

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SUB. J.CT DISABILITY

TOPIC

CLAIMS PROCEDURE CORRESPONDENT BANKS .

Date 12-1-66

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OPERATING BULLETIN

SECTION INSURANCE

SUBJECT DISABILITY

TOPIC

CLAIMS PROCEDURE CORRESPONDENT BANKS

Page 4 of 10

Date 12-1-66

REPLACES BULLETIN: INSURANCE - DISABILITY - CLAIMS PROCEDURE CORRESPONDENT BANKS - Dated 3-9-62

In cases of uncertain length of disability, a Continuance Report will need to be completed by the customer (or his closest relative) and the physician each time a claim is made. In cases where the disability is known to continue for a long period of time or for the length of the loan, it will not be necessary to obtain a Continuance Report signed by the customer and physician for each payment claimed. In such cases, each month as the payment becomes due, the hospital or other institution, the physician or the employer should be called to verify that the customer is still disabled (unable to work). A Continuance Report should be filled out as shown on the preceding illustration, indicating the verification as shown.

COMPLETION OF "CLAIMS FOR DISABILITY BENEFITS" SNAP-OUT FORM (STEP 3)

This three part snap-out form was designed to expedite payments of claims with a minimum of clerical effort. This form is used in filing all claims - First and subsequent Continuance claims. All applicable spaces must be completed as shown in the illustration which follows.

Send all tickets with the completed First Report, or Continuance Report to Consumer Insurance Services, P. O. Box #4899 Atlanta, Georgia, 30302. Tickets #2 (Customer's Receipt) and #6 (Posting Coupon) will be returned with a Draft and draft copy to the bank making the claim.

Ticket number 2 is the customer's receipt and instructs him what to do if he is still disabled when his next payment becomes due. This should be mailed each time an installment is paid by Disability insurance. The man handling the claim must decide whether or not a Continuance Report will have to be completed by the customer and physician for the next month's claim.

Cases in which no Continuance Report should be mailed:

- (a) Current claim has paid final installment
- (b) Customer has returned to work
- (c) Physician's statement on current claim indicates total permanent disability for a prolonged period of time or for balance of life of loan.

Ticket number 5 is the posting coupon and should be used in the regular manner. As the payment is posted, mark the ledger card "PD" in the space for payment coding to Indicate that payment was made by a disability claim.

CHECK REPORT FORM AND SNAP-OUT TICKET FOR ELIGIBILITY AND CORRECTNESS (STEP 4)

After the snap-out ticket has been typed, but before it is signed, the supporting report forms and the snap-out ticket should be checked for eligibility, completeness, and correctness. The following procedure should be used:

SUBJECT

DISABILITY

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CLAIMS PROCEDURE CORRESPONDENT BANKS

Date 12-1-66

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Signature and Title . Each enepower tithet must be signed by the Officer-in-Charge or Manager.

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BULLETIN

SECTION

INSURANCE

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CLAIMS PROCEDURE

4

CORRESPONDENT BANKS

Page 6 of 10

Date '12-1-66

REPLACES BULLETIN: INSURANCE - DISABILITY - CLAIMS PROCEDURE - CORRESPONDENT BANKS - Dated 3-9-62

A. First Report Claims

- Check the five points of eligibility listed under "Notice of Possible Claims" (Step 1).
- Use the customer's statement to determine previous disability (on the date of the loan or during the preceding six months).
- 3. Use physician's statement for dates of disability, both beginning and ending. (At times there will be a discrepancy between the beginning date of disability. O:dinarily we will use the physician's date so long as it does not affect eligibility. Sometimes a customer may become disabled prior to the date he sees his physician. Should there be no more than seven days' variation, we will accept the date supplied by the customer, after verifying with the employer the date last worked.)
- Check the date the customer indicates that he returned to work. (Customer must have been disabled on the date of installment being claimed.)

B. Continuance Report Claims

 Check the Continuance Report to determine that disability has been continuous since the date of the last installment claimed.

Occasionally you will have a claim where the customer indicates that he has returned to work (with or without his physician's consent) for a few days, but has had a relapse and has been disabled for the balance of the time between installments. Honor of five days. If the time at work is in excess of five days, the 30 day waiting Report claim.

*The definition of disability has been broadened to: "Being prevented from performing any and every duty pertaining to the occupation of the insured". However, if the insured performs any work or engages in any business or other occupation for renumeration or profit, he shall not be deemed disabled under the policy. For example: A dentist loses a hand. He cannot practice dentistry so he is disabled as long as he does no other work. However, if he begins selling dental equipment, he then is no longer disabled even though he still cannot practice dentistry and even though his physician states that he is unable to perform this occupation he was engaged in at the time the disability began.

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OPERATING BULLETIN

SECTION INSURANCE

SUBJECT DISABILITY

TOPIC CLAIMS PROCEDURE CORRESPONDENT BANKS

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Date 12-1-66

REPLACES BULLETIN: INSURANCE - DISABILITY - CLAIMS PROCEDURE CORRESPONDENT BANKS - Dated 3-9-62

*In some instances, the insured is permitted to return to work for a couple of hours per day by his physician as part of his rehabilitation. Where this is the case and the physician states that the insured is unable to work more than this length of time, we will continue to honor claims as long as all the above factors hold true. If the insured is permitted to work \(\frac{1}{2}\) day (4 hours) or more, the claim cannot be honored.

You may occasionally have a customer who may be originally disabled from one cause and, before returning to work, subsequently becomes disabled from another cause. As long as the disability (inability to work) has been continuous, such claims are to be treated as if the customer had had the same disability for the entire period.

Prequently customers will change physicians several times during the course of a disability. This in no way effects eligibility; however, in such cases a physician's statement should be obtained from each physician covering the period of time of his statement.

It is possible for a customer to lose his job during or even before his disability. This does not cause ineligibility. The policy requires that the customer be gainfully employed (workweek of not less than 30 hours) at the time the loan is made. If the customer subsequently becomes unemployed (for any reason), he still remains eligible for benefits under this policy. However, since the customer obviously has no job to return to, the ending date of disability will be that date shown by the physician as the date his patient was first able to return to work. In claims of this sort, a customer's and physician's statement must be obtained each month.

Remember to check the present Continuance Report form against that of the preceding month (First or Continuance). Be certain that there is proper continuity between the report forms. Check the ledger card to be certain that the proper installment is being claimed. The due dates of installments being claimed must be in proper consecutive order. Be sure to check the "Date Disability Began" on continuing claims to be sure the correct date is used, also the "Date Through Which Benefits Previously Paid".

SEND REPORT FORM AND CLAIM FOR DISABILITY BENEFITS FORM (SNAP-OUT TICKET) TO CONSUMER INSURANCE SERVICES, ATLANTA (STEP 5)

PAYING THE CLAIM (STEP 6)
All claims will be paid through Consumer Insurance
Services, Citizens and Southern National Bank, P. O.
Box 4899, Atlanta, Georgia, 30302. A draft and draft copy will be returned to the bank originating the claim together with copies 2 and 6 of the snap-out tickets.

To be used on all claims under the same continuing disability after the first report has been used on the initial claim.

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CLAIMS PROCEDURE CORRESPONDENT BANKS

DISABILITY

Date 12-1-66

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THE PRUDENTIAL INSUPANCE COMPANY OF AMERICA THE CITIZENS & SOUTHERN NATIONAL BA GROUP CREDITORS INSURANCE - Cinim For Disability INSTRUCTIONS TO CLARLANT IMPORTANT . Complies the CLAIMANT'S STATEMENT below.
How your decise complies the ATTE NEEDS PRIVINCIAN'S STATEMENT
Report to be from to your Hash. 13. WHART'S STATEMENT I. M. Ilifelia I "No" what to the 9. m. seelella Harch 12. 16 APTENDING PHYSICIAN'S STATEMENT NATURE OF SLERESS OR INJURY Acute Coronary Thrombosis Approximately June 15. -3/14 .. 62 (8) "502"Hedical Bldg. - Macon, Ga. L W. P. 8102 - ---

- * CUSTOMER'S NAME For identification.
- CONTINUANCE OF DISABILITY Disability must be continuous from date of last installment
- * LENGTH OF DISABILITY Use in deciding method of handling future continuence claims
 - END OF DISABILITY Date in either space terminates claim.
 - BATE OF STATEMENTS Hust be on or after date of installment claimed.
 - SIGNATURES OF STATEMENTS Both statements must be signed (closest relative should sign if customer cannot).
 - VERIFICATION Indicate with whom and initial whenever necessary to verify any information on either etatement (see below).
- DRAFT INFORMATION To be completed by Central Installment Separtment, CAS Bank, Atlanta.

WHEN MAKING A VERIFICATION

If the previous First or Continuance Report indicated disability of prolonged duration, no Continuance Report will have been smiled to customer with receipt for last installment. Verification (phone or mail) must be made with physician, institution, or employer that disability has been continuing since the last installment. Always use a Continuance Report to Show-such verification. When verification is by mail, attach letter (from physician, institution, or employer) to Continuance Report. The customer's name and dysaft information is to be filled in by the Central Installment Department, CSS Sank, Atlants.

The above steps of completion which are marked with an asterisk (*) must appear on all verification report tores.

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CLAIMS PROCEDURE CORRESPONDENT BANKS

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Date 7-29-69

Replaces Bulletin: INSURANCE - DISABILITY - CLAIMS PROCEDURE - CORRESPONDENT BANKS
Dated 12-1-66

- 1. Draft Use this as a cash item to pay the installments claimed.
- Posting Coupon Use ticket #6 of the snap-out form to post the ledger card. (See paragraph COMPLETION OF "CLAIM FOR DISABILITY BENEFITS" (STEP 3).
- Customer's Receipt Ticket #2 of the snap-out form is mailed to the customer
 as his receipt.
- 4. Draft Copy (illustrated below) File in the customer's folder. Use this in preparing subsequent claims for the same customer. From this copy pick up "Date Disability Began", "Date Through Which Benefits Previously Paid", and "Total Amount Previously Paid." Be sure to add the "Total Amount This Claim" from the draft last filed to the "Total Amount Previously Paid" to determine the "Total Amount Previously Paid" on the next completed draft.

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DRAFT COPY - File in customer's folder for reference in making subsequent claims.

MOTICE PROCEDURES When past-due notices are sent, the notice clerk should be on the look-out for all accounts where the last payment was coded "FD". These accounts should be immediately referred to the Collection Department to determine if the delinquency has developed because of failure to file a Disability claim.

FAST DUE ACCOUNTS

Effective 12-1-66 the policy benefits have been broadened so as to pay certain delinquent payments after the originally scheduled miturity date for up to 6 months provided the customer remains continuously disabled.

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7-29-69 Date

Replaces Bulletin: INSURANCE-DISABILITY-CLAIMS PROCEDURE-CORRESPONDENT BANKS Dated 12-1-66

If the account is past due at the time disability begins, these payments may now be claimed during the six months period following the date of final maturity. This will not cover any installment falling due during the 30 day waiting period.

However, if the customer does not remain disabled for the entire term of the loan and long enough afterwards to file monthly for those payments past due, collection of past due payments may be difficult at such a later date. At the initial contact with the customer the length of disability should be considered. If it is obviously to be a short one or to cease before the final maturity date, arrangements must be made to take care of any unpaid installments not then eligible for Disability payment. In any case, the customer should be advised that if his disability ceases before final maturity date, the delinquent payments will not be covered by Disability.

In case of unusual hardship and where credit factors warrant, an extension of pastdue payments may be in order. However, in making such extensions, remember that you are shortening the six months period after the date of the originally scheduled final maturity.

PREPAID ACCOUNT If disability occurs on a prepaid account, claims will be handled as if the account were not prepaid. The borrower is entitled to one payment each month (after the waiting period) whether the account is prepaid or past-due. The insurance company has ruled that, if a disability continues through the final installment, we must pay any pre-paid payments that would have been eligible for payment during the period of disability had the account not been prepaid. However, these should not be paid until the final installment is claimed. At that time, make for all the prepaid installments that the customer was entitled to as well as the final payment.

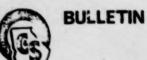
The "Due Date of the Installment Claimed" on the snap-out ticket should be the date that would exist if the account were neither past due or prepaid. In the case of past due or prepaid accounts, this date will not necessarily coincide with the next open due date on the ledger card. When making claim for prepaid installments, show all months being claimed in this space (actual dates of pre-paid installments as they were originally scheduled to the ledger card.

MULTIPLE ACCOUNTS When making a claim, be sure to check the customer's wheeldex card, ledger card and folder to be certain that claim is made for all eligible payments on all of the customer's accounts covered by Disability insurance. When making claim for payments on more than one account for the same customer, only one First Report or Continuance Report is necessary; however, a separate claim for Benefits (shap-out) form is required for each account. Remember that a total of \$250 per month is the maximum amount payable under Disability insurance.

ORDERING FORMS All forms required for processing claims can be obtained from the Consumer Insurance Services, Citizens and Southern National Bank, Atlanta. Please order your requirements by memo, keeping only a minimum supply in your office.

RELATED BULLETINS . INSURANCE - DISABILITY INSURANCE - CREDIT LIFE E - 1301

INSURANCE - REPORTING & PREMIUM PAYMENT



SECTION

INSURANCE

SUBJECT

EQUIPMENT

TOPIC

Pope

1 of 4

Date 12-28-70

Replaces Bulletin: INSURANCE - FARM EQUIPMENT - Dated 7-25-68

This bulletin replaces the bulletin on farm equipment insurance and expands the coverage to include more types of equipment. Numerous changes have been made, and the bulletin should be read carefully. The American Southern policy is being cancelled effective 1/1/71.

PLICIBILITY

This program is available to CSS Netional Bank, its affiliates and wholly owned subsidiaries.

INSURANCE CARRIER

Coverage is provided by individual certificates issued under a master policy, number M3960370, written by Great American Insurance Company, through C&S Agency, Inc. The master policy is on file with Consumer Insurance Services, Atlanta. Individual certificates are issued and provide evidence of insurance and contain the major provisions of the master policy.

ASSUREDS

This is a multi-interest policy protecting the purchaser, desler, and the bank as their interest may appear on an all-risk basis consistent with the provisions of the policy.

MERCHANDISE ELIGIBILITY

Agricultural, construction, road building, logging (except chainsawa) and similar equipment are eligible. Automobiles, trucks, motorcycles, water craft, aircraft are not aligible.

RATES

lates and deductible amounts vary with usage and type of equipment. They are shown in the table below. The annual rate is based on each \$100 of Insurance. The amount of insurance should be the actual value of the equipment.

	EMINIT COVERED	DEDUCTIBLE	ANNUAL RATE PER \$100 OF INS.
	Parm or agricultural equipment 'except combines)	\$50	.80
	2. bines	\$50	1.60
-	andbuilding, contractors, and	\$100.00 or 1% of amount of loss whichever is greater	1.00
	Jaring or forestry equipment 'went chainsaws which are not 'albie'	same as #2	3.50

THE S APPLY TO INSURED AMOUNTS UNDER \$50,000, IF OVER \$50,000, CALL C&S AGENCY.

TERMS, PRO-RATE X ANNUAL.) MINIMUM PREMIUM IS \$5.00 PER CERTIFICATE,

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Date 12-28-70

Replaces Bulletin: INSURANCE - FARM FQUIPMENT - Dated 7-25-68

TERM

All policies must be written for the term of the loan.

PERILS COVERED

The policy insures against all risks of direct physical loss of or damage to the property covered except losses that are:

a. Caused by leakage, breakage, marring or scratching, wet or dampness, or by being rusted or frosted unless caused by fire, lightning, windstorm, cyclone, tornado, collision, derailment, or overturning of transporting conveyances;

b. Caused by delay, poor packing or rough handling;

- Due to short-circuiting, blowout or other electrical disturbance within the insured article exclusive of lightning; unless fire ensues and then for loss or damage by such ensuing fire only;
- d. Caused by weight of load exceeding registered lifting capacity of any machine;
- Loss by wrongful conversion or secretion by the purchaser or lessee in possession;
- Caused by perils as specified in War Risk Exclusion clause contained in the policy;
- g. Caused by perils as specified in the applicable Nuclear Exclusion contained in the policy;
- h. Caused by wear, tear, gradual deterioration, latent defect, mechanical breakdown or extremes of temperature.
- To tires or tubes unless the loss or damage is caused by fire, windstorm or theft or is coincident with other loss or damage insured by this certificate.

PLACING COVERAGE

All certificates are issued by the C&S Agency. Example A shown on page 3 shows a sample application form. Complete and forward the application and the check for the premium to the agency. Coverage will be effective on the date the note is signed. Upon receipt of application the agency will issue a certificate and forwar with a copy to the branch. The original should be placed in the customer's file ar the copy mailed to customer with letter. A suggested latter is shown below.

CERTIFICATE TRANSMITTAL LETTER

Here is the Certificate of Insurance on your equipment which you requested from the C&S Agency when you financed your vehicle. The premium is included in your monthly payment.

Thank you for giving us this opportunity to be of service to you. If you have any questions concerning your insurance, please let us know.

Sincerely,

Phone	#		

DPERATING BULLETIN

SECTION INSURANCE SUBJECT EQUIPMENT TOPIC

Page 3 of 4

Date 12-28-70

EXAMPLE "A"

	APPLICATION EQUIPMENT FLOATER	Date	
INSURED'S NAME			
ADDRESS			
OCCUPATION			
NODEL.	MANUFACTURER'S	1	
YEAR TYPE OF EQUIPME		IDENT.NO.	AMOUNT OF INSURANCE
	4 1/2 11 11		
QUIPMENT USED FOR	1		•
			•
ANJUAL PREMIUM \$		renium	9
ANNUAL PREMIUM \$LOAN INFORMATION:	X TERM - \$ Total P	remium	•
ANNUAL PREMIUM \$	X TERM - \$ Total P		•
ANGUAL PREMIUM \$ LOAN INFORMATION: Date of Date of Amount I Term in	X TERM = \$ Total Proposed Final Payment Financed Months		•
ANGUAL PREMIUM \$ LOAN INFORMATION: Date of Date of Amount I Term in	X TERM = \$ Total Polyment Financed Months Schedule		•
ANNUAL PREMIUM \$	X TERM = \$ Total Polyment Financed Months Schedule		•
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ANNUAL PREMIUM \$	X TERM - \$ Total Propert Financed Months Schedule	nel with che	ck for total premiu
ANNUAL PREMIUM \$	X TERM = \$ Total Proposed Final Payment Financed Months Schedule	nel with che	ck for total premium



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SECTION

INSURANCE

SUBJECT

EQUIP. UENT

TOPIC

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Date 12-28-70

Replaces Bulletin: INSURANCE - FARM EQUIPMENT - Dated 7-25-68

CANCELLATION

When an account is paid before final maturity, insurance does not have to be cancelled, but may be left in force until the certificate expires. If a customer specifically requests the cancellation of his coverage when paying off in advance, sand the original certificate and the customer's copy to C&S Agency for cancellation. The Agency will then compute the return premium and remit a draft (payable to the customer and the Bank) to the Bank. Verification that the account has been paid out should be made before endorsing the draft and forwarding it to the customer.

If customer cannot produce his copy of the certificate, xerox Bank certificate and type on face "cancel effective (date)" and have customer sign.

Where the bank requests cancellation due to repossession, all that is needed is a letter to that effect sent to the insurance company. The return premium will be sent directly to the bank and should be applied to the customer's account. The letter requesting cancellation must give a specific date for cancellation. This date should be the date the merchandise was sold by the Bank or the date the contract was repurchased by the dealer.

EXPIRATION, FOLLOWUP, EXTENSIONS

The C&S Agency will notify the branch 60 days prior to the expiration date of each certificate. If the loan has been extended, and if the loan balance is such that the branch needs insurance coverage, it will be necessary to submit another application to cover the extended period. Use the procedures, rates, and minimum premium previously outlined. The amount of insurance should be the actual value of the equipment at the time of the new application.

LOSSES

Report all losses to the C&S Agency, giving full details.

ORDERING FORMS

FORM NO.	DESCRI PTION	I ORDER FROM
NONE	Application - Equipment Floater Insurance Transmittal Letter	C&S Agency, Atlanta Produce locally



BULLETIN

SECTION

INSURANCE

SUBJECT

ERRORS & OMISSIONS COVERAGE

TOPIC

AUTOMOBILE DEALERS

Page 1 of 1

·Date

12/22/69

Replaces Bulletin: INSURANCE - ERRORS & OMISSIONS COVERAGE - AUTOMOBILE DEALERS - Dated 8-1-64

All of the Citizens and Southern National Banks and affiliates buying paper from automobile dealers who sell their own insurance and who represent the Dependable Insurance Company are protected from errors and omissions and subsequent loss on our part where mistakes in writing the policy are made by the agent. Our blanket coverage is by Dependable Insurance Company policy, 78411. (Policy is on file in Consumer Insurance Services, Atlanta.)

POLICY INTENT

The purpose of this policy is to provide coverage where agents of Dependable Insurance Company have been ordered to write insurance for the life of the contract, the premium has been paid by us, and the company has failed to write the insurance ordered.

In addition, the policy provides us with the same single interest protection we would have if a Long Form Loss Payable Clause were a part of each customer's policy (protection for acts of neglect, policy violations, etc., by the customer).

WHEN APPLICABLE

This coverage is applicable only in cases where (1) we finance an automobile and (2) the insurance has been sold to the borrower by the automobile dealer, and (3) the dealer is an agent of Dependable. The policy protects us on a single interest basis to the extent of the net amount owed on the loan.

EXCESS COVERAGE

This insurance applies to automobiles in which the Bank has a loss payable interest only if the Bank is not covered by some other specific insurance. In cases where there is other specific insurance, claim should be filed against that insurance coverage.

If necessary please refer the details of any loss to Consumer Insurance Services, Atlanta, for further handling.



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SECTION INSURANCE

SUBJECT FLOORPLAN - AUTOHOBILE

1 of 3

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Date

9-10-71

Replaces Page 1 Only of Bulletin: INSURANCE - FLOORPLAN-AUTOMOBILE Dated 2/12/71

A recent agency change has called for a change in carriers under this policy. The updating of this information and clarification of other points follows.

INSURANCE CARRIER AND AGENCY

Effective February 1, 1971, coverage is with the Great American Insurance Company under policy #3928947, and the C&S Agency, Inc. is the agent. The policy is on file with Consumer Insurance Services, Atlanta.

ASSUREDS

This is a dual interest policy protecting the bank and the dealer, as the interests of each may appear.

R MERCHANDISE ELIGIBLE FOR COVERAGE

Automobiles, trucks, trailers, semi-trailers, (Mobile homes and campers are not eligible).

DURATION OF COVERAGE

The policy becomes effective as soon as either the desler or the bank acquires an interest in the vehicle. Where we are clearing units at the factory, the insurance becomes effective for the bank when the factory drafts on us. The coverage terminates when the bank's interest is terminated, or when the merchandise is sold, delivered, or otherwise disposed of by the dealer, whichever occurs first.

PERILS COVERED

This is a stated perils policy insuring against loss and/or damage caused by -

- (A) <u>Fire</u> Direct and accidental loss of or damage to the vehicle caused by fire or lightning, by smoke smudge due to a sudden, unusual and faulty operation of any fixed heating equipment serving the premises in which the automobile is located, by the stranding, sinking, burning, collision or derailment of any conveyance in or upon which the automobile is being transported. (Except while being conveyed in or upon any motor vehicle or trailer or semi-trailer.)
- (B) Theft Direct and accidental loss of or damage to the vehicle caused by theft, larcenye, robbery or pilferage. (Except where due to acts on the part of the dealer or his employee.) A \$25.00 deductible for each automobile applies to all losses including theft of auto parts and accessories.
- (C) Combined Additional Coverage Direct and accidental loss of or damage to the vehicle, caused by windstorm, hail, earthquake, explosion, riot or civil comportion, or the forced landing or falling of any aircraft or its parts or equipment, flood or rising waters, malicious mischief or vandalism, external discharge or leakage of



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ate 2-12-71

Replaces Bulletins: INSURANCE, FLOORPLAN-AUTOMOBILE-Dated 3/23/65 and INSURANCE FLOORPLAN-AUTOMOBILE-COLLISION, DEMO, & DRIVEAWAYS - Dated 1/21/70

water except loss resulting from rain, snow or sleet whether or not wind-driven; provided, with respect to each vehicle, \$25.00 shall be deducted from each loss caused by malicious mischief or vandalism.

COLLISION, DEMONSTRATORS, and DRIVE-AWAYS

Through an endorsement to this policy, we offer dual-interest collision insurance on demonstrators and drive-Aways to those dealers insuring their floorplan under this policy. This coverage is not sutomatically included, and must be specifically requested by the dealer. Upon request, the insuring company will establish a premium charge based on exposure to loss. In each case, contact Consumer Insurance Services, Atlants, for further information.

AMOUNT AND EXTENT OF COVERAGE

The limits of the insurance company's liability for loss shall not exceed the actual cash value of the vehicle. The limits of liability for any one disaster or any one location shall not exceed \$1,250,000.

EXCESS COVERAGE

The policy states that "this insurance shall be considered as excess insurance where other insurance exists in the name of or for the benefits of the Named Insured or Dealer, and shall not apply until all other insurance shall have been exhausted."

COST TO DEALER

The cost of insurance is included in our standard flat charges of which are computed on the invoice price of each car floorplanned and open on wholesale during the month, even though it may be paid off during the month. This flat charge is added to your "Statement of Interest on Wholesale" as it goes out each month.

PAYMENT OF PREMIUMS

Premiums are paid by the reporting Bank at the rate of 33c per \$1000 per month using the Monthly Insurance Report (19-921) as follows:

- (A) The total value (dealer cost plus transportation) of vehicles on hand at the end of the preceding month. Premiums are paid only on those cars on hand at the end of the month regardless of what the dealer's turnover may have been during the month.
- (B) On the reverse of the form, list all dealers covered under the policy and, show the amount of inventory and location.



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Date 2-12-71

Replaces Bulletins: INSURANCE FLOORPLAN - AUTOMOBILE - DATED 3/23/65 and INSURANCE FLOORPLAN - AUTOMOBILE - COLLISION, DEMO, & DRIVEAWAYS - Dates

The Insurance Report should be prepared and sent to Consumer Insurance Services, Atlanta, by the 10th of each month (see Bulletin: INSURANCE - REPORTING & PREMIUM PAYMENT).

REPORTING LOSSES

Write or telephone Consumer Insurance Services, Atlanta, and give the following information:

Date, Time, Place, and Types of Loss.

2. Vehicle(s) involved (include serial numbers).

3. Description of how loss occurred.

4. Estimate of repairs, if available.

5. Your name, date, and office location.

DO NOT AUTHORIZE REPAIRS.

DO NOT ASSIGN TO AN ADJUSTING FIRM.

BANKS OTHER THAN CITIZENS AND SOUTHERN

The coverages under this policy are available to any correspondent bank on the same basis as C&S Banks. Any correspondent bank desiring this coverage should be referred to Consumer Insurance Services, Atlanta.

ORDERING FORMS

Notice of Loss forms may be ordered from Consumer Insurance Services, Atlanta.

RELATED BULLETINS

INSURANCE - REFORTING & PREMIUM PAYMENT

-1

OPERATING BULLETIN

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1 of 4

Date

1-25-65

REPLACES BULLETIN:

INSURANCE, FLOORPLAN - EQUIPMENT, Dated 3-2-62

This bulletin is being rewritten to incorporate changes necessitated by the change in the insurance carrier. The new Floorplan Floater policy provides the same casualty protection for the dealer and the bank on merchandise and equipment that we had under the old policy. The major changes are in the rate (now \$1.30 per \$1,000) and in the limits of liability (now \$50,000 at one location). It is important that all personnel handling dealer paper review the policy provisions and familiarize themselves with the procedures involved so that our dealers will always receive the maximum benefits from the policy.

INSURANCE CARRIER AND AGENCY Effective January 1, 1965, coverage is with American Southern Insurance Company under their policy #IM-527

ASSUREDS This is a dual interest policy, protecting the dealer and the bank as their interests may appear.

MERCHANDISE ELIGIBLE FOR COVERAGE

"Equipment, appliance and durable articles ... specifically identifiable as encumbered to the lending institution ..." This includes anything which we normally finance on Wholesale Floorplan (including boats and motors) except automobiles, trucks, motor scooters, motorcycles, and similar vehicles. It does cover merchandise which is on demonstration as well as that on the dealer's floor or in his warehouse.

WHERE COVERED Within territorial limits of Georgia, South Carolina, Alabama and Florida.

EFFECTIVE DATE

Coverage is effective as of the date the Bank approves the purchase and the dealer takes delivery. Coverage is provided while the merchandise is in transit if approval has been given and the dealer has taken possession anywhere other than his place of business.

PERILS COVERED This is an all-risk or damage policy with the following exclusions:

- (a) Loss or damage caused directly or indirectly by hostile or warlike action in time of peace or war, any weapon of war employing atomic fission or radioactive force, invasion, insurrection, rebellion, civil war, usurped power, legal seizure, legal destruction, legal confiscation, or risks of contraband or illegal transportation or trade.
- (b) Loss or damage to electrical appliances arising from electrical injury or disturbances from artificial causes, unless fire ensues and then only for direct loss or damage caused by such ensuing fire.
- (c) Loss or damage caused by mechanical breakdown, inherent vice or defect, wear and tear or gradual deterioration.



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2 of 4 Date

1-25-65

REPLACES BULLETIN:

INSURANCE, FLOORPLAN - EQUIPMENT, Dated 3-2-62

- (d) Loss or damage resulting from delay, loss of market, bankruptcy, foreclosure or similar proceedings.
- (e) Loss or damage due to conversion or any dishonest act on the part of the dealer or his employees.
- (f) Breakage of fragile articles unless caused by fire, lightning, explosion, cyclone, tornado, thieves, or overturning, derailment or collision of the conveyance on which the merchandise is being transported.
- (g) Loss or damage caused by the elements while the merchandise is in the open, except while in transit.
- (h) Loss or damage caused by flood and rising waters, except while in transit.

EXTENT OF COVERAGE Merchandise is covered as long as it is:

- (a) Unsold by dealer his cost plus transportation charges.
- (b) Sold but not delivered the net selling price after allowances and discounts.

LIMITS OF LIABILITY

(a) While in transit ...

\$ 25,000

(b) At any one location ...

\$ 50 000

(c) In any one disaster ...

\$150,000

TERMINATION OF COVERAGE

Liability continues from the time the merchandise becomes at risk for the insured (see previous paragraph EFFECTIVE DATE) to the termination of the Bank's interest or when the merchandise is sold, delivered, or otherwise disposed of by the desler, whichever occurs first.

COST OF COVERAGE TO DEALER

The cost of this insurance is included in our standard 1% flat charge for ninety days and 1% renewal charge for each thirty days thereafter.

PAYMENT OF PREMIUMS

Premiums are paid by the reporting bank at the rate of \$1.30 per \$1,000 per month using the Monthly Insurance Report (19-921) as

(a) The total value (dealer cost plus transportation) of merchandise on hand at the end of the preceding month. Premiums are paid only on merchandise on hand at the end of the month, regardless of dealer's turnover during the month.
E = 1311



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REPLACES BULLETIN:

INSURANCE, FLOORPLAN - EQUIPMENT, Dated 3-2-62

(b) On the reverse of the form, list any dealers with more than \$5,000 at one location, showing the amount at each location. If there are no such dealers, indicate that fact on the report by writing "NONE."

The Insurance Report should be prepared and sent to System Consumer Credit in Atlantiby the 10th of each month (see page 5 of Bulletin: INSURANCE - REPORTING & PREMIUM PAYMENT).

CANCELLATION This insurance may be cancelled with any particular dealer when it is deemed that the insured does not exercise due caution in regard to the protection of merchandise. Cancellation requires a written notice fifteen (15) days prior to cancellation date.

COPIES OF POLICY The policy is on file in the System Consumer Credit Department, Atlanta.

REPORTING LOSSES

Prepare a "Notice of Loss", sending original and two copies to the System Consumer Credit Department, Atlanta, together with copies of the dealer invoices covering each damaged unit. Be sure to indicate the name and location of your bank as well as the name of the individual handling the dealer account on the Notice of Loss. (See illustration on page 4.)

IMPORTANT

- 1. Do not assign the loss to a commercial insurance adjustor.
- 2. On partial losses no repairs should be made before the loss is reported.

 An estimate of repairs should be submitted by the dealer to assist in the adjustment of the loss.

BANKS OTHER THAN CITIZENS AND SOUTHERN

The coverages under this policy are available to any correspondent bank on the basis as C & S Banks. Any correspondent bank desiring this coverage should be ferred to the System Consumer Credit Department, Atlanta.

ORDERING FORMS Notice of Loss forms may be ordered from the System Consumer Credit Department, Atlanta.

RELATED BULLETINS INSURANCE - REPORTING & PREMIUM PAYMENT

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OPERATING BULLETIN

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ASTERNATION OF MISSING	NOTICE OF LOSS
ACTIVET AT 10 YELL CO.	1 POLICE WE THE THE NAME OF THE PARTY OF THE
Atlanta, Gerrela 19309	1M 527
	Accept to the the terminal ter
B MAME OF INCORES	COMPLETE MILOW OWLY ITEMEST INVOLUSE IN
Wee Salius Common and The C & S Marten	41 Bank
tage and solver de company Contract and another three fact of the contract of	THE CENTRON AND LOCATION OF PROPERTY CONSESS
	MOSE, MAKE MODEL IN CERT IN COLD STOR LANGE
	T.V. C.E. 21C-3439 365906 182.00 45.00 Range G.E. 34007 527631 124.01 15.00 45.00 48600 G.E. WA-350T 378213 116.50 35.00 Refrig. E. BHIZT 684215 300.00 175.00 175.00
	402 N. Broadway, Micon, Ceorgia
19 SUBJECT TO FORM NUMBERS (INSERT FORM NUMBERS AND EDITION DATE	DEALER INVOICE ATTACHED TO COVER THESE INTER-
IN EGSS PAYABLE ON PEALLY TO	IN LOSS FATABLE ON PERSONAL PROPERTY TO
13 LOCATION OF LOSS IS C. PSESSENT FROM ABOVE (ITEM 4)	te abbassi and smore wil of intuitions is bistolent racin above titem by
1-15-65	IF PROBABLE AMOUNT ENTIRE LOSS TO PRODUCE THOUGHT THE PROPERTY OF THE PROPERTY
FIRE	175.00
Pire damaged corner of warehouse - the m listed above was damaged by smoke and wa estimates attached cover replacement of labor for repairs.	ter. Repair
10191 Ont	TANK TO THE LEVEL NO COLUMN TONE NO
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INSTRUCTIONS TO AGENTS: appointment of abjectiff-times on the set which has been added to the set of the set o	Spaces completed in this flustration must fine completed for all claims. The final the completed in order to properly identify the local office.



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PAYMENT SCHEDULE

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CHA NG ES

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Date 12-14-70

MEN AULLETIN

There are four situations involving insurance debits or credits to a loan which require rescheduling of payments:

NANK PLACEMENT - the debit of an insurance premium to the loan because
the bank placed the insurance when the customer failed to do so.

RENE/AL - when insurance through CAS Agency is written for less than
the full term of the loan and later requires renewal through charging
the premium to the loan balance.

 CANCELLATION AND REFUND OF PREMIUM - the credit of an insurance premium refund to the loan because of cancellation. (Relatively small amounts may be refunded, directly to the customer, to avoid rescheduling expense.)

 LOSS CLAIM PROCEEDS APPLIED TO ACCOUNT - in lieu of paying for repairs to the vehicle, loss claim proceeds are applied to the loan balance under certain unusual circumstances.

Each has its own special handling, and varying credit considerations. REGULATION Z IS NOT APPLICABLE TO "SUBSEQUENT TRANSACTIONS" SUCH AS THIS.

There are some other reasons unrelated to insurance, for changing the payment schedule of a loan. These are covered in the bulletin: ACCOUNTING AND GENERAL OPERATIONS - PAYMENT SCHEDULE - CHANGES. This bulletin makes it clear that personal, continuing followup is necessary to get the correct terms started. If this cannot be done, insurance cancellation and repossession become the next steps.

CREDIT APPRAISAL

Any of the insurance changes mentioned above can be and frequently is, a red flag which should trigger a fresh look at the overall credit picture. Only then can we make a realistic decision on insurance handling.

BANK PLACEMENT AND RENEWAL

After the adjuster's discussion and understanding with the customer, the adjuster should have the full particulars of why the customer does not yet have insurance. Then, assuming that we wish to bank-place the insurance, here is the procedure.

- Check the computer to get balance and status of the loan. A delinquent condition, or a next payment due very soon, must be given careful consideration. The loan must be CURRENT before we can reschedule the remaining balance. Anything to the contrary will be considered an audit exception.
- Figure the premium amount and the term it is to cover, using tate books and forms furnished by C&S Agency.

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PAYMENT SCREDULE

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CHANGES

Date 12-14-70

Term			
Months	6NI	61	6LD
1	1.00500	1.00550	1.0060
2	1.01000	1.01102	1.0121
3	1.01500	1.01655	1.0182
4	1.02000	1.02208	1.0243
5	1.02500	1.02763	110305
6	1.03000	1.03319	1.0366
7	1.03500	1.03876	1.0428
8	1.04000	1.04434	1.04909
9 .	1.04500	1.04994	1.05534
10	1.05000	1.05554	1.06161
11	1.05500	1.06116	1.06791
12	1.06000	1.06678	1.07423
13	1.06500	1.07242	1.08058
14	1.07000	1.07807	1.08696
15	1.07500	1.08374	1.09337
16	1.00000	1.08941	1,10553
- 17	1.08500	1.09510	1.10625
18	1.09000	1.10000	1.11274
19	1.09500	1.10651	1,11926
20	1.10000	1.11223	1.12580
21	1.10500	1.11797	1,13237
22	1.11000	1.12372	1.13897
23	1.11500	1.12948	1.14560
24	1.12000	1.13526	1.15226
25 :	1.12500	1_14105	1.15895
26	1.13000	1.14685	la16567
27	1.13500 °	1.15267	1,17243
28	1.14000	1.15849	1,17921
29	1.14500	, 1,16433	1,18602
30	1.15000	1.17019	1.19287
31	1.15500	1.17605	1.19975
32 ,	1.16000	1.18194	1.20666
33	1.16500	1.18783	1.21360
34	1.17000	1.19374	1.22058
35	4.17500	1.19967	1.22759



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3 of 11 Date 12-14-70

NEW BULLETIN

 Use the 6% add-on rate factor chart on page 2. (The example shown is based on an account that has a balance of \$1800.00, with 18 months remaining. Insurance premium is \$178.00. The loan includes life and disability coverage.) Use the factor in the column that includes the same life and disability immurance coverage that the loan presently carries - the 6LD column in this case. Factor is 1.11274, multiplied by \$178.00 = 198.07.

The designation means:

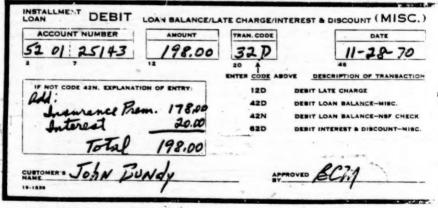
6NI - 6% Add-on rate, no insurance.

6L = 6% Add-on rate, life insurance included.

6LD = 6% Add-on rate, life and disability insurance included.

Add the amount obtained in step (3) to the loan balance amount. (1800.00 + 198.07). Figure the new payment schedule by dividing the new loan balance by the number of months (18) remaining. (NEVER lengthen the terms in lieu of increasing the payment amount.) We want all remaining payments to be equal, so it will usually be necessary to add or drop a few pennies to do this. In this example, the final payment would be \$.07 more than the rest, so we will subtract \$.07 from the interest amount before making our entries. So, instead of \$198.07, we will add only \$198.00 to the loan balance. The interest portion will be \$20.00, instead of \$20.07.

5. Debit Loan Balance (Misc) Code 32D, for total amount in insurance premium plus interest. (178.00 + 20.00.) See example below.



The next reprint of this debit ticket will include code "32D - Debit Loan Balance - Misc."



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Date 12-14-70

NEW BULLETIN

 Credit Interest and Discount (Misc), Code 62 for Interest amount. See example below.

DESCRIPTION OF TRANSACTION OF ENTRY 12 LATE CHARGE 13 PAYMENT OR CREDIT TO BALANCE ONLY 33 PAYMENT BY CHARGE IF INCLUDED I 44 MEDILAR PAYMENT (WITH LATE CHARGE IF INCLUDED I 45 PAYMENT BY INDORRER OR DEALER 62 CREDIT INTEREST & DISCOUNT—MISC.	ACCOUNT NUMBER	AMOUNT	TRAN. CODE	DATE
IP CODE 88. EXPLANATION OF ENTRY Add Intrat 12 LATE CHARGE 32 PAYMENT OR GREDIT TO BALANCE ONLY 33 PAYMENT BY CHARGE IF INCLUDED! 44 PAYMENT BY CHARGE IF INCLUDED! 45 PAYMENT BY INCREDIATE OR DEALER 46 CREDIT INTEREST & BIRCOUNT—MISC.	52 01 25145	20.00	62	11-28-70
	IF CODE 63, EXPLANATION (1	12 32 33 42 43	LATE CHARGE PAYMENT OR CREDIT TO BALANCE ONLY PAYMENT BY DISABILITY INSURANCE REGULAR PAYMENT (WITH LATE CHARGE IF INCLUDED) PAYMENT BY INCORDER OR DEALER

- Type up check to CSS Agency for premium amount. The check, plus the Credit to Interest and Discount, should equal the Debit to the Loan balance.
- 8. It usually takes several days for a payment card book to be mailed to a customer, so we should advise him immediately by letter of the change in terms and that he will soon receive a new payment book. Use form letter "NOTICE OF PAYMENT INCREASE" shown on page 5, and include a payment coupon (substitute payment ticket 19-1220) and a return envelope, to the adjuster's attention, for the customer's use, <u>UNLESS</u> the insurance is single interest. In that case, use SINGLE INTEREST LETTER shown in the bulletin: INSURANCE AUTOMOBILE PHYSICAL DAMAGE-SINGLE INTEREST COVERAGE, Since the first payment is so important, we ask him to send it to the branch. This approach adds an urgent tone to the transaction, and provides personal handling of the first payment.
- Prepare form 19-1215 "Installment Loan Payment Schedule Change" in duplicate Write in the new balance of the loan. See "A" on example on page 6.
- 10. Send the original of the Payment Schedule Change to Installment Loan Control after the Loan Balance has been increased. Simple followup on Audio, Video or Daily Transactions Journal will confirm the correct balance to reschedule. File the other copy in the adjuster's followup tray.

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Date 12-14-70°

NOTICE OF PAYMENT INCREASE

Your remaining automobile loan payments have been increased to include the automobile physical damage insurance premium, plus finance charge. Here are the details:

	plus Finance Charge	New Monthly	Beginning
For	Remaining Term	Payment	Date
•			

PLEASE SEND THE FIRST PAYMENT TO MY PERSONAL ATTENTION, USING THE ENCLOSED ENVELOPE AND PAYMENT COUPON.

You will receive a new payment book within a few days after we receive your first new payment. Please call if you have any questions.

Telephone



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SECTION INSURANCE

SUBJECT 1

PAYMENT: SCHEDULE

TOPIC

CHANGES

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Date

12-14-70

NEW BULLETIN

ACCOUNT NUMBER	INSTALLMENT LOAN PAYMENT SCHEDULE CHANGE PAYMENT BOOK REORDER	out 11-30-70
	TE TO AVELOT SEGIN STATE	JND SERIES RESCHEDULED D PAYMENT AT TO GELL DUST REGIN
NUMBER OF MONTHS TO EXTEN		LANDA CAND CODE So B

11. When you receive the first new payment, check via audio, video or Daily Transactions Journal to see that the balance has changed properly, and the rescheduled payments are correct and balance. Send the payment immediately to Installment Loan Control.

12. Prepare a 19-1215 Payment Book Reorder to request a new coupon book. File the remaining copy of the 19-1215, plus copies of the accounting entries mentioned in 5, 6, and 7 in the customer's credit file.

CANCELLATION AND REFUND OF PREMIUM

If we have <u>financed</u> the insurance, and there is a cancellation, the return premium (refund) will be sent to us. If the adjuster decides to credit the return premium plus applicable finance charges to the account, thereby reducing the balance and amount of remaining payments, he should use the following procedure:

1. Check the computer to get balance and status of the loan.

 Use the 6% add-on rate factor chart on page 2. (Example shown on page 7 is based on an account that has a balance of \$1640.00 with 15 months remaining. Loan includes life and disability coverage. Insurance return

OPERATING BULLETIN

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PAYMENT SCHEDULE

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CHANGES

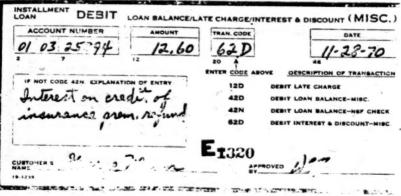
ate 12-14-70

premium is \$136.00). Use the factor in the column that includes the same life and disability insurance coverage that the loan presently carries - the 6LD column in this case. The factor is 1.09337, multiplied by \$136.00 = \$148.70.

- Subtract the amount obtained in step (2) from the existing loan balance to determine the new balance. (1640.00 - 148.70 = 1491.30)
- 4. Figure the new payment schedule by dividing the new loan balance by the number of months remaining. (\$1491.30 + 16 = 15 @ 93.20 and 1 @ 93.30). We want all payments to be equal, so it will usually be necessary to add or drop a few pennies to do this. In this example, the final payment would be \$.10 more than the rest, so we will subtract \$.10 from the interest amount before making our entries. So, instead of \$148.70, we will subtract only \$148.60 from the loan balance. The interest portion will be \$12.60, instead of \$12.70.
- Credit Loan Balance (Hisc) Code 32, for total amount of insurance premium plus interest. (136.00 + 12.60 = 148.60)

ACCOUNT HUMBER	AMOUNT	TRAN. CODE	DATE	
01 03 25.74	148.60	32	11-23-7	70
		ENTER <u>CODE</u> ABO	VE DESCRIPTION OF TRANSACT	HON
TOOL SE EXPLANATION C	LAA .		LATE CHARGE PAYMENT OR CREDIT TO BALANCE ONLY	
to credit account	wit.		PATHENT OF DISABILITY INSURANCE	
nour. prim. relum	A 156.00	42	MEBULAR PAYMENT, (WITH LATE CHARGE IF INCLUDED)	
Litarit	12.60		PAYMENT BY INDORSER OR DEALER	
1	1 841 (10)	62	CHEDIT INTEREST & BISCOUNT-MISC.	
Total	143.50	63	EXTENSION PEED PAID-CRADIT INT. &	D19.
9, , , , .	24		128 B	
The state of the s	Jiana	APP	LUP LE	

Debit Interest and Discount (Misc), Code 62D for Interest amount as shown.





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CHANGES

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12-14-70

NEW BUILETIN

7. It usually takes several days for a payment card book to be mailed to a customer, so we should advise him immediately by letter of the change in terms and that he will soon receive a new payment book. Use form letter "NOTICE OF PAYMENT REDUCTION" shown below. We should provide a payment coupon (substitute payment ticket) and a return envelope, to the adjuster's attention, for the customer's use. Since the first payment is so important, we ask him to send it to the branch. This approach adds an urgent tone to the transaction, and provides personal handling of the first payment.

NOTICE OF PAYMENT REDUCTION

Your remaining automobile loan payments have been reduced. This is because we have applied to your loan a premium refund of \$ on your now cancelled policy # . Since we financed the premium, we have also credited your loan with a refund of applicable finance charges. Here are the details.

Refund of Fremium plus New Honthly Beginning
Refund of Finance Charge Payment Date
\$

PLEASE SEND THE FIRST PAYMENT TO MY PERSONAL ATTENTION, USING THE ENCLOSED ENVELOPE AND PAYMENT COUPON.

PLEASE REMEMBER THAT YOU HAVE THE RESPONSIBILITY OF FURNISHING US WITH EVIDENCE OF ACCEPTABLE INSURANCE COVERAGE FOR THE LIFE OF THIS LOAN.

You will receive a new payment book in the next few days. Please call if you have any questions.

E- 1321

Telephone



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Date 12-14-70

NEW BULLETIN

 Prepare form 19-1215 "Installment Loan Payment Schedule Change" in duplicate. Write in the new balance of the loan. See "A" on example shown below.

PAYMENT SCHEDULE CHANGE PAYMENT BOOK REORDER OF THE PAYMENT BOOK REORDER OATE 11-23-77 OI 03 25894 CUSTOMER'S GENGL Mann INT SERVES RESCHEDULED IND SERVES RESCHEDULED

INSTALLMENT LOAN

- Send the original of the Psyment Schedule Change to Installment Loan Control. File the other copy in the adjuster's followup tray.
- 10. When you receive the first new payment, check via sudio, video or Daily Transactions Journal to see that the balance has changed properly, and the rescheduled payments are correct and in balance. Send the payment immediately to Installment Loan Control.
- Prepare in duplicate a 19-1215 Payment Book Reorder to request a new coupon book. File the remaining copy of the 19-1215, plus copies of the accounting entries mentioned in 5, 6, and 7 in the customer's credit file.

LOSS CLAIM PROC OS APPLIED TO ACCOUNT

Ordinarily, we expect loss claim payments to be used to pay for repairs to the vehicle. Some unusual situations will arise, however, in which we will accept and apply loss claim proceeds to reduce the balance of the account. Under no circumstances will money be applied to reduce the payments, or to repay the loan. Here is the recommended procedure:



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12-14-70

NEW BULLETIN

1. Check the computer to get balance and status of the loan.

2. Credit Loan Balance (Misc) Code 32, for amount of loss claim check.

ACCOUNT NUMBER	AMOUNT	TRAN. CODE	DATE
01 03 24/35	960.00	32	12-2-70
To asply loss cla proceeds to bal	TRY	10 † HTER CODE A 12 32 33 42 43 62 63	BOVE DESCRIPTION OF TRANSACTION LATE CHARGE PAYMENT OR CREDIT TO BALANCE ONLY PAYMENT OR DISABILITY "PSURANCE REGULAR PAYMENT (WITH LATE CHARGE IF INCLUDED) PAYMENT BY INCORRER OR DEALER CARREST INTEREST & DISCOUNT—MISC, EXTERNION PESS PAID—CARDIT INT, & DIS.
USTONER'S Ama Moh	K	. 41	PROVED WEB

 From the balance obtained in (1) on page 6, subtract amount of loss claim to get new balance.

4. Divide the new malance by the <u>present</u> payment amount to determine the new schedule. In the case of Ima Nofix, assume a balance of \$1620, 18 payments remaining of \$90.00 each, next due 12-15-70. Balance \$1620.00 less \$960.00 by the present \$90.00 payment amount.

Result is new terms: 7 at \$90.00 and 1 at \$30.00.

5. Prepare, in duplicate, a 19-1215 Payment Schedule Change. Send one copy to Installment Loan Control. Hold the other copy for two days. Then check the computer to see that the account has been rescheduled properly. Then file the second copy in the customer's credit file, along with a copy of the 19-1230 Installment Loan Credit ticket. EXAMPLE of 19-1215 is shown on page 11.

6. IT IS NOT NECESSARY TO ORDER ANOTHER PAYMENT BOOK.

 Notify the customer by letter of his account status. Be certain to point out that there is no break in the continuity of payments.

"I RATING BULLETIN

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CRANCES

11 of 11 Date 12-14-70

NEW MILLETIN

INSTALLMENT LOAN PAYMENT SCHEDULE CHANGE PAYMENT BOOK REORDER

12-2-70

ST NUMBER 13 24135

TIES RESCHEDULED ANDUNT BEGIN

2NO SERIES RESCHEDULED TOTAL COM AMOUNT

90 00 12 15 70, 11 30 00 7 15 70 NEW DUE BATE 101. 06. 15, 221

CARD CODE

\$ 960.00 los

TING FORMS

is a listing of the forms and supplies required by branches, and how wained.

. 10.	DESCRIPTION	ORDER FROM		
- 220	Substitute Payment Ticket Installment Loan Debit Ticket	Purchasing	Department	,Atlanta
- 230	Installment Loan Credit Ticket	**	99	**
::5	Payment Schedule Change	**	**	**
	Notice of Payment Increase Notice of Payment Reduction	Produce lo	cally	

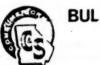
D BULLETINS

- RANCE THE CITIZENS AND SOUTHERN AGENCY, INC.
- NCE AUTOMOBILE PHYSICAL DAMAGE
- RANCE AUTOMOBILE PHYSICAL DAMAGE SINGLE INTEREST COVERAGE
- TING AND GENERAL OPERATIONS PAYMENT SCHEDULE CHANGES

THE COUNTER - AUTOMOBILE LOANS - INSURANCE POLLOWUP

FINANCE - AUTOMOBILE LOANS - INSURANCE POLLOWUP

E-1324



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RETAIL FIRE AND THEFT

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1 of 6

Date 12-15-71

Replaces Bulletin: INSURANCE - PROPERTY - FIRE & THEFT - DATED 7-9-69

Our Retail Fire and Theft Policy has been revised adding a \$50 deductible clause on all <u>Lightning</u> and <u>Windstorm</u> losses and a clause <u>excluding certain</u> types of <u>equipment</u> (see Exclusions f). The <u>rate has been changed</u> to \$1.20 per month, per \$1,000 on outstanding balances which is the actual premium charged the customer.

Under the provisions of Regulation Z, Property Insurance is an optional selection on our installment notes and conditional sales contracts. Therefore, the insurance premium is not a part of the finance charge and annual percentage rate. Rate charts provide for separate insurance premiums on installment loans.

The administration of this policy is handled on a centralized basis with each participating office or bank reporting losses to the Consumer Insurance Services Department, Atlanta. Loss adjustments exceeding \$100 should be assigned to the commercial adjustor serving your area.

INSURANCE CARRIER

Coverage is with the American Southern Insurance Company, 56 Tenth Street, N. E., Atlanta, Gerrgia 30309 (phone 892-3031), under (revised) policy #IM553 for all loans made after June 30, 1971 and under policy #IM4301 for all loans made prior to July 1, 1971.

EFFECTIVE DATE

Insurance coverage is effective as of the date funds are disbursed on a direct loan or or the date of approval and delivery in the case of dealer paper. This protects the dealer for the period between his delivery of the merchandise and the disbursement of funds by the bank.

MERCHANDISE ELIGIBLE FOR COVERAGE

The policy is designed to cover such items as furniture, appliances, fixtures and similar equipment. The policy specifically excludes coverage on automobiles: Exclusion f - "Loss or damage to automobiles and accessories including but not limited to radios, stereo tape players and tapes; motor-cycles; aircraft; jewelry; furs; chain saws and other equipment used for logging or forestry purposes."

PERILS COVERED

R

This policy insures against loss and/or damage caused directly by:

- (a) FIRE
- (b) LIGHTMING (excluding the first \$50 of loss or damage)
- (c) EXPLOSION, whether or not fire ensues



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Replaces Bulletin: INSURANCE - PROPERTY - FIRE & THEFT - DATED 7-9-69

- (d) COLLISION, i.e., accidental collision of the vehicle on which the property is carried, with any other vehicle or object including the overturning of the vehicle and/or collapse of bridges
- (e) TORNADO, CYCLONE, OR WINDSTORM (excluding the first \$50 of loss or damaged)
- (f) FLOOD, meaning thereby rising of rivers and streams, and oceans
- (g) COLLAPSE of bridges
- (h) STRANDING, SINKING, FIRE OR COLLISION, including General Average or Salvage Charges, while on Ferries and/or in railroad cars and motor trucks on transfers or lighters
- (1) THEFT (but not conversions or other acts of dishonest character)
- (1) EARTHQUAKE
- (k) FALLING METEORS
- 1) FALL OF BUILDING
- (m) FALLING AIRCRAFT

EXCLUSIONS

This policy does not cover:

- (a) Loss or damage caused by neglect of the Assured or Purcheser to use all reasonable means to save and preserve the property at and after any disaster insured against.
- (b) Loss or damage due to inherent vice.
- (c) Loss or damage caused by strikes, locked out workmen or persons taking part in labor disturbances, or arising from riot, civil commotion, capture, seizure, or detention, or from any attempt thereat, or the consequences thereof, or the direct or remote consequences of any hostilities, or arising from the acts of any government, people, or persons whatsoever (ordinary piracy excepted), whether on account of any illicit or prohibited trade, or any trade in articles contraband of war, on the violation of any port regulation, or otherwise. Also free from loss or damage resulting from measures or operations incident to war, whether before or after the declaration thereof.
- (d) Loss or damage to property while located in premises owned, rented, leased or used for storage or exhibition purposes by the seller, or in any location where the assured has specific insurance at the time of loss.
- (e) Loss or damage to goods and/or articles on which any payment is overdue for more than one hundred and twenty (120) days.
- (f) Loss or damage to automobiles and accessories including but not limited to radios, stereo tape players and tapes; motorcycles; aircraft; jewelry; furs; chain saws and other equipment used for logging or forestry purposes.



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Replaces Bulletin: INSURANCE - PROPERTY - FIRE & THEFT - DATED 7-9-69

LIMITS

(a) \$3,000 on any one article

(b) \$10,000 in any one dwelling or place

(c) \$100,000 in any one casualty

EXTENT OF COVERAGE

This is a dual interest policy protecting the bank, the dealer, and the purchaser, and insures the value of the merchandise at the time of loss. In this respect, the policy is superior to the single interest (unpaid balances only) coverage offered by many banks and finance companies.

INSURANCE STATEMENT

All consumer installment notes and contracts are printed with an insurance statement. This provides for acceptance, refusal, date of birth and signature of the borrower. Where the loan is inelligible for insurance, the statement need not be signed. In all other cases the customer must sign the insurance statement indicating either acceptance or refusal.

RATE TO CUSTOMER

CLS monthly rate charts including the symbol "E" indicate separately the premium for property insurance (at \$1.20 per month, per \$1,000 on the reducing unpaid balances).

REQUISITIONING L'ASURANCE COVERAGE

Coverage may be requisitioned by checking the appropriate insurance space on the Discount Sheet. When Property Insurance is requisitioned, Installment Loan Control will include a certificate with the customer's payment card book.

PAYMENT OF PREMIUMS

Premiums are baid by the bank at the rate of 80c per \$1,000 per month based on the reducing unpaid balances of all loans and contracts covering insured merchandise made prior to July 1, 1971.

The rate is \$1.20 per month, per \$1,000 on the reducing unpaid belances for all loans and contracts made after June 30, 1971. Premium calculations will be made automatically by the computer for those insured loans which have been automated.

The Monthly Insurance Report, form #19-921 Rev. 7-71, on insurance premiums for insured loans not on the computer, should be prepared and sent to Consumer Insurance Services in Atlanta by the 10th of each month. Complete instructions for computing and reporting these premiums are outlined in the Operating Guide Bulletin: INSURANCE - REPORTING AND PREMIUM PAYMENT.

DPERATING BULLETIN

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Replaces Bulletin: INSURANCE - PROPERTY - FIRE & THEFT - DATED 7-9-69

POLICY

The original signed insurance policy is in Consumer Insurance Services Department files in Atlanta.

CORRESPONDENT BANKS

Ine coverages under this policy are available to any Correspondent Bank on the same basis as Citizens and Southern Banks. New participants may be brought under this policy by notifying Consumer Insurance Services, Atlanta.

Correspondent Banks using the billing service will have a coupon size certificate inserted in their coupon books as part of their billing procedure.

REPORTING LOSSES

All losses should be reported immediately to Consumer Insurance Services
Department in Atlanta on Notice of Loss form #19-2020-0 (see page 6 for properly
completed form) using the procedure outlined below. The final decision on the
settlement of all losses will be made by the Consumer Insurance Services Department in Atlanta. It is the responsibility of the person receiving the loss to
obtain as much information as possible and to relay this to Atlanta. No committment as to the amount that will be paid should be made.

When a customer indicates a loss:

Pull his file and verify that coverage was placed at the time the loan
was made and is still in force.

2. If there is no coverage, inform the customer and immediately refer the

account to the officer of account.

 If there is coverage, determine the amount of loss. If the customer is not reasonably sure that the appropriate cost of repairs will exceed \$100, request that he secure an estimate, preferably from the selling dealer.

4. If the claim is \$100 or more:

- a. Complete the Notice of Loss (19-2020-0) in quadruplicate.
- b. Telephone the adjust r serving your area and report the loss.

c. Send a copy of the Notice of Loss to the adjust

d. Forward the original and one copy of the Notice of Loss, a copy of the discount sheet, and a copy of the note/contract to Consumer Insurance Services, Atlanta.

 Retain and file copy of the Notice of Loss in the Pending Loss Folder alphabetically.

5. If the claim is under \$100:

- a. Complete the Notice of Loss (19-2020-0) in triplicate.
- b. Obtain the best price for repair/replacement, and authorize.

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Dote 12-15-71

Replaces Bulletin: INSURANCE - PROPERTY - FIRE & THEFT - DATED 7-9-69

c. Send supporting documents on price along with the original and a copy of the Notice of Loss, a copy of the discount sheet, and a copy of the note/contract to Consumer Insurance Services, Atlanta.

d. Retain and file a copy of the Notice of Loss in the Pending

Loss Folder alphabetically.

FOLLOW-UP

Consumer Insurance Services, Atlanta will keep offices advised on progress of all loss adjustments. A "rending Loss" folder should be maintained in each office and a copy of the Notice of Loss filed alphabetically by purchaser's name therein. As claims are paid, the Notice of Loss should be removed from the "Pending Loss" folder and filed in the customer's file. Once or twice each month, the "Pending Loss" folder should be thumbed. Notify Consumer Insurance Services, Atlanta of any losses (on which you have not received notification of delay or settlement) that remain unpaid more than 15 days since reporting.

PAYMENT OF CLAIM

Consumer Insurance Service will review all documents and adjustors reports on each claim and issue a draft in settlement. The claim draft will be payable to the bank and the customer and forwarded to the office handling the loan. The officer of account should either apply the draft to the account, endorse and forward to the repairman, or endorse and forward to the customer. The customer should always be informed of the final disposition of the claim.

ORDERING FORMS

Notice of Loss form (19-2020-0) may be requisitioned from the Purchasing Department of Atlants in the normal manner.

RELATED BULLETIN

INSURANCE - REPORTING & PREMIUM PAYMENT

OPERATING BULLETIN

SECTION INSURANCE

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RETAIL FIRE AND THEFT

TOPIC

Date 12-15-71

0	Always fill in DATE SENT TO CONSUMES
\odot	Always fill in DATE SENT TO CONSUMES INSURANCE SERVICES so that you will be ours that proper service is bally
	given in the settlement of your claim

- 2 Name of office or branch and city including Bens/Brench Number.
- Always indicate PURCHASER'S NAME and ADDRESS so as to identify the claim properly.
- 4 From note or contract.
- 5 *19653 or 194301
- Show the OUTSTANDING NET BALANCE due after noted rebate extonence as of the date of loss.
- 7 From Discount Sheet.
- 8 From Note or Contract.
- From Note or Contract.
- Prom Note or Contract.
- Indicate DATE MERCHANDISE WAS ONIGINALLY FORMAL (date of contract). Leave Blank When D. is Of Butchase Appears below(add-n).
- 12 BESCRIPTION AND TRADE NAME refere to the type of article (Nayter Washer BCA TV, etc.).

When merchandise consists of two or more items with different original dates of purchase (nJD-ON PLAN) show the original DATE OF PURCHASE and the original CASU SELING PRICE opposite the description of each item.

Show the original CASH SETTING PRICE of each article demand as it was listed on the conditional sales contract. (Indicate whether merchandles was SEM or USED at the time of purchase).

Indicate the <u>DEALER'S NAME</u> and <u>pealer'S ADDPTSS</u> from whom the merchandise was purchased.

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The date on which the design occurred.

MACH OF 1000 to the Incetton of the emphasites when loss security

Fire, thaft, windstore, lightning, etc.

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REPORTING & PREMIUM PAYMENT

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Date 12-1-66

Replaces Bulietin: "INSURANCE - REPORTING & PREMIUM PAYMENT" - Dated 2-7-62

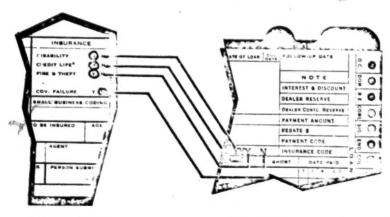
This bulletin is being re-issued to cover changes in premium payment for Credit Life and Disability Insurance. Individuals submitting the monthly insurance report should give it their careful attention and thought so as to eliminate avoidable errors in addition, multiplication, etc. While the procedures are essentially routine, it is important that all personnel concerned with preparation of the report be thoroughly familiar with the correct procedures involved in order that the report be complete and accurate. Those paragraphs of the bulletin which have been changed will be indicated by an asterisk (*).

A monthly Insurance Report and Premium Remittance for applicable installment loan blanket policies (on which premiums are paid based on the monthly reducing unpaid balances of insured outstandings) is to be submitted by each office.

CODING LEDGER CARDS

During the billing of new loans the Central Billing Department will code the ledger card for the following insurance

coverages: Disability, Credit Life, Property - Fire & Theft, and Coverage Failurd Insurance coverages, as requisitioned on the Discount Sheet will be indicated in the lower right hand corner of the Heading Space on the ledger card by a series of "Y"s and "N"s representing YES and NO as to whether a particular coverage applies to the loan. Reading from left to right, coverages will be indicated in the same order as they appear on the Discount Sheet Insurance Requisition space, i.e.



DISCOUNT SHEET

LEDGER CARD



BULLETIN

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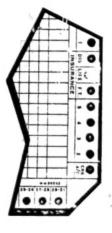
Date 12-1-66

Replaces Bulletin:

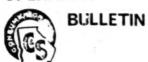
"INSURANCE - REPORTING & PREMIUM PAYMENT" - Dated 2-7-62

While there are other applicable coverages that might be indicated on the Ledger Card, only five symbol spaces are available for this purpose. Consequently, we have chosen to show the most commonly used coverage applying to the greatest number of loans.

In order to facilitate the monthly procedure of determining insured outstandings for premium calculation, ledger cards are also notched, on the lower right hand side to indicate insurance coverage. Counting from the bottom of the card, holes 6, 7, and 8 are used as illustrated.



Notched holes indicate the coverage which applies to the loan. This illustration depicts a loan with Credit Life Insurance but without Disability or Property Insurance Coverage.



SECTION INSURANCE

SUBJECT REPORTING & PREMIUM PAYMENT

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Because premiums for Coverage Failure Insurance is not computed on a basis of the reducing monthly outstandings balances of insured loans, it is necessary to notch the ledger card for this coverage.

CHECKING LEDGER CARDS

As New loans are returned from the Central Billing Department the notching should be compared with the alphabetical code.

in the upper right hand corner, and any errors made by Central Billing should be corrected. At least twice a year the insurance notches should be checked on all car to be sure that no errors have slipped by or that the motches have not become torn through monthly needling.

DETERMINING RETAIL INSURED OUTSTANDINGS

Around the end of each month, it will be necessary to determine the insured out-

offices have found that the most convenient time is when all of the ledger cards are together for balancing. Others prefer to handle the insurance report as a separate operation. This is a matter of individual convenience but it should be done about t same date each month so that the figures will consistently cover a full month's actions.

The following basic procedure is the simplest method of determining the total insured outstandings each month. This basic procedure may be modified to work equally well for the smaller office using the Total Control as well as the larger office using the Individual Classification Control. Separate totals should be pulled for the insured outstandings in Individual, Business and Real Estate.

Credit Life

Run the keysort needle through hole #7 and sort. The uninsured cards will remain on the needle. If the uninsured cards are in the minority, list the balances and subtract from the control balance. The remaining figure will be the total of the balances with Credit Life Insurance. If the insured cards are in the minority, list the balances to arrive at the total insured outstandings.

Using the same procedure, determine the total <u>number</u> of insured loans.

Disability

Picking up only those cards with Credit Life, use the keysort needle to sort on hole $\frac{3}{2}8$. If the <u>uninsured</u> cards are in the <u>minority</u>, list the balances and subtract from the <u>Credit Life total</u>. The resulting balance is the total insured outstandings with Disability. If the insured cards are in the <u>minority</u>, list the balances to arrive at the total insured outstandings.

Use the same procedure to determine the total number of insured loans.

Fire & Theft

Using only those classifications which are eligible for this insurance, follow the same basic procedure as for Credit Life, sorting on hole #6.



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CREDIT LIFE PREMIUM COMPUTATIONS

Effective 12-1-66 the premium rate paid by the bank will be .92 cents per month per thousand dollars of insured outstandings on all new loans, reworks and renewals made on or after that date. This means that a double procedure would have to be undertaken each month to determine the outstandings insured at the old rate of .75 cents per thousand and those outstandings insured at .92 cents. To eliminate the dual effort as well as all of the ensuing problems this would involve, a special procedure has been devised for the next 36 months so that only one procedure need be followed.

Beginning with the month of December, 1966 (Insurance Report due by January 10, 1967) compute the premium for Credit Life Insurance at the rate of .80 cents per thousand dollars of insured outstandings. Continue computing at this rate each month through November, 1967 (Insurance Report due in December, 1967).

Beginning with the month of December, 1967 (Insurance Report due by January 10, 1968) compute the premium for Credit Life Insurance at the rate of 87 cents per thousand dollars of insured outstandings. Continue computing at this rate each month through November, 1968 (Insurance Report due in December, 1968).

Beginning with the month of December, 1968 (Insurance Report due by January 10, 1969) compute the premium for Credit Life Insurance at the rate of .92 cents per thousand dollars of insured outstandings. Continue computing at this full rate each month from them on.

By using these adjusted rates during the next 36 months we will be compensating for the loans open during that time that are insured under the old rate without having to make a separate monthly report for them.

DISABILITY INSURANCE PREMIUM COMPUTATIONS

By the bank will be \$1.08 cents per month per thousand dollars of insured outstandings on all new loans, reworks and renewals made on or after that date. Here again a double procedure would have to be undertaken each month to determine the outstandings insured at the old rate of .75 cents per thousand and those outstandings insured at \$1.08 cents. A procedure similar to that used for Credit Life should be followed.

Beginning with the month of December, 1966 (Insurance Report due by January 10, 1967) compute the premium for Disability Insurance at the rate of .85 cents per thousand dollars of insured outstandings. Continue computing at this rate each month through November, 1967 (Insurance Report due in December, 1967).

Prinning with the month of December, 1967 (Insurance Report due by January 10, 1968) compute the premium for Disability Insurance at the rate of .99 cents per thousand dollars of insured outstandings. Continue computing at this rate each



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month through November, 1968 (Insurance Report due in December, 1968).

Beginning with the month of December, 1968 (Insurance Report due by January 10, 1969) compute the premium for Disability Insurance at the rate of \$1.08 cents per thousand dollars of insured outstandings. Continue computing at this full rate each month from then on.

DETERMINING WHOLESALE INSURED OUTSTANDINGS vide protection for the total cost of the merchandise, rather than for the outstanding balances, our premium should be paid accordingly. To arrive at the total amount insured, it will be necessary to list the amounts under "Dealer Cost" on the WHOLESALE LEDGER SHEET for all items that are unpaid as of the end of the month.

MONTHLY INSURANCE REPORT

As the insured outstandings are determined, the separate totals of Individual, Business, and Real Estate should be entered on a work copy of the MONTHLY INSURANCE REPORT, 19-921. When all outstandings have been entered, they should be added to arrive at the Total Outstandings for each policy.

When the Total insured outstandings have been entered on the report, multiply b, the appropriate premium rate to determine the premium due under each policy for each class and in Total. The premium and the insured outstandings should be compared with the previous month's report to be sure that any change is consistent with the change in your overall outstandings. Any abnormal fluctuations should be checked very carefully and any error corrected. If the report is correct, prepare a copy for Consumer Insurance Services, Atlanta.

DEMONSTRATOR AND DRIVE-AWAYS

Automobiles being used as demonstrators are so marked on the WHOLESALE LEDGER SHEET, with a notation of the monthly premium. Information on Drive-Aways is accumulated on a page directly behind the dealer's control sheet. Enter the Total Premium for all Demonstrators and Drive-Aways (listed on the reverse side of the Report) in the space provided.

After the Total Premium has been entered for each policy (and Demonstrators and Drive-Aways), add all such policy totals and enter this amount in the "Total Premiums Due" space at the bottom of the report.

The reverse of the report is used to list:

1. All Equipment Dealers with more than \$5,000 insured.

a. Show name, location where merchandise is stored and amount insured for each dealer.



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b. If dealer has more than one location show how much is insured at each location. There is a \$50,000 maximum at any one location and when outstandings insured is reported as one location with a large dealer it appears that part of his outstandings are not eligible to be insured.

2. All Automobile Dealers with more than \$50,000 insured.

a. Show name, location where merchandise is stored and amount insured for each dealer.

3. Each Demonstrator of Drive-Away vehicle for all dealers so insuring.

a. All spaces on this part of the report must be completed (be sure to show the manual rate on each). Enter the total of all premiums in the space provided on the front of the report.

After the report has been checked for accuracy and completeness, prepare a typed copy for Consumer Insurance Services, Atlanta.

PAYMENT OF PREMIUMS
Using the report as a work sheet, prepare the necessary debit tickets in duplicate:

- Debit "Interest & Discount Installment Loan (Individual, Business or Real Estate)" for the total of the premiums due on insured outstandings in each classification.
- Debit "Interest & Discount Wholesale" for the total premiums due on Wholesale Equipment, Wholesale Automobile, Drive-Aways and Demonstrators.
- The total of all debits should balance to the "Total Premium Due" on the bottom of the report.
- 4. Using the original of the debit tickets, purchase a check payable to The Citizens & Southern National Bank, Atlanta, for the "Total Premium Due". To eliminate extra ticket preparation and follow-up, all offices should use a check rather than having Atlanta charge your account.
- Send copies of the debit tickets to the Central Billing Department along with copies of your regular rebate tickets.

Send the check with your MONTHLY INSURANCE REPORT to Consumer Insurance Services, Atlanta, no late) than the 10th of each month.

ORDERING FORMS The MONTHLY INSURANCE REPORT may be requisitioned, by form number, from the Purchasing Department, Atlanta.

OPERATING BULLETIN

SECTION INSURANCE

SUBJECT REPORTING & PREMIUM PAYMENT

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Date 12-1-66

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BUSENESS	53			\vdash	-	40.31	1
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SUBJECT REPORTING & PREMIUM PAYMENT

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Page 8 of 8 Date 12-1-66

Replaces Bulletin: "INSURANCE - REPORTING & PREMIUM PAYMENT" - Dated 2-7-62

RELATED BULLETINS

INSURANCE - CREDIT LIFE

INSURANCE - DISABILITY

INSURANCE - PROPERTY, FIRE & THEFT INSURANCE - FLOORPLAN - AUTOMOBILE

INSURANCE - FLOORPLAN - AUTOMOBILE - DEMONSTRATOR & DRIVE-AWAYS

INSURANCE - FLOORPLAN - EQUIPMENT LENDING GENERAL - DISCOUNT SHEET

APPLIES TO	SUBJECT	<u>rc.ic</u>	DATE	
OTC, SF	AUTOMATION SUMMARY		12-23-75	
OTC, SF	AUTOMOBILE FINANCING	EQUITIES AND TERMS	6-01-69	
.076	BORROWER'S AUTHORIZATION		2-22-71	4
OTC, SF, CAS	C.I.F. (CENTRAL INFORMATION FILES)		12-17-65	
OTC, SF	CLASHIFICATION OF LOANS		9-02-70	ě
OTC, SF	CLOSED LOAN CARD		7-30-70	G
OTC, SF, CAS	CONSUMER CREDIT COUNSELING SERVICE		8-07-70	1
OTC, SF	CORPORATE RESOLUTION		11-29-47	-
OTC, SF, CAS	CORRESPONDENCE ON ACCOUNTS	IDENTIFICATION	7-01-70	
OTC, SF	CREDIT INQUIRIES		5-07-70	
OTC, SF	CREDIT INVESTIGATION		8-10-62	1
OTC, SF	DISCOUNT SHEET		11-17-70	8
OTC, SF	DUE DATES		3-28-68	0
OTC, SF	GRADING			>
OTC, SF	LANDLORD'S AGREEMENT	· ·		0
OTC, SF	PERFECTING SECURITY INTERESTS (P. 5,6,7,8 Rev. 8/1/70)	PROCEDURES & DOCUMENTARY PEES	9-15-70	1.
OTC, SF	POWER OF ATTORNEY	TITLES	10-11-67	\circ
OTC	REAL ESTATE	PROPERTY VERIFICATION	7-01-64	4,
OTC, SF	REAL ESTATE (P.1&2 Rev. 9/10/70)	RIGHT TO RESCIND	3-11-70	3
OTC, SF	REAL ESTATE	SECONDARY COLLATERAL	10-31-69	3
OTC, SF, CAS	REGULATION Z(P.1&2 Rev.9/10/70)	SUMMARY	7-01-6	à
OTC, SF	RETAIL RATES	RATE CHARTS	12-31-71	
OTC, SF	TITLE ACT		12-15-67	
OTC, SF	TRANSFER OF EQUITY (P.4 Rev. 11/10/	771)	6-15-70	
OTC, SF	UNIFORM COMMERCIAL CODE	GENERAL	8-15-64	



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LENDING GENERAL

SUBJECT

AUTOMATION SYSTEM

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Date 12-23-70

NEW BULLETIN

The C&S Automated Installment Loan System is our method of providing fast and accurate accounting information, credit information, and management reports on our installment losn portfolio statewide. The information is provided in three ways:

1. Various printed reports.

2. Direct access through touch-tone telephones (audio).

3. Direct access through CRT unit (video).

· Procedures also exist for getting information when the computer is temporarily out of order. This bulletin is a quick, overall glance at the system. Other bulletins cover specific reports, procedures, etc.

ACCOUNTING .

NEW LOANS

New loan information is put on the computer record from the Discount Sheet-Application. Totals are provided by the computer to enable Installment Loan Control - Atlanta to balance to the new loan entries made by each branch.

Payments are posted daily by Data Processing. Totals are provided for posting and balancing to General Ledger.

DEALER RESERVE

All transactions involving dealer reserve are shown on a monthly Dealer Reserve Statement.

REPORTS

Daily

1. The Daily Transactions Journal - our permanent accounting record lists all payments and entries to Installment Loans. It also prowides totals from which Installment Loan Control will balance and make final General Ledger entries resulting from payments, rebates, late charges, reserves and miscellaneous entries.

The Action Report lists transactions to loans that are (a) rejected, or (b) posted, but create a condition that requires immediate attention.

The Pile Maintenance List reports all new loans and all changes processed that day. It includes:

a. Errors in new loans which caused them to be rejected.

- Errors in new loans which were accepted, but still require correct ton.
- c. All other changes to existing loans (other than transactions).
- d. Other information, including totals necessary for balancing.



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Date 13-23-70

NEW BULLETIN

Monthly

The New Loan Report is a listing, by loan class (and for Sales Finance, by dealer), of all new loans made during the month. Customer name, terms, collateral, add-on rate, and simple interest yield are shown along with other information.

 The Statistical Summary Report is prepared for each branch, bank, area, and system. It shows volume, outstandings, past dues, earnings and yield by loan class and total, and percentage comparisons with previous periods along with other pertinent information.

The Error Conditions Report is a summary of several critical types
of error conditions shown earlier in the month on the Action Reports
and File Meintenance Lists. It is NOT a summary of all open items
shown on these reports.

 The Dealer Retail Report shows each dealer's volume, outstandings, past dues, losses, repurchases, earnings and yield, and percentage

comparisons with previous periods.

5. The Accrual and Exceptions Report shows each loan on which there is an adjustment in the accrual of \$1.00 or more affecting the earnings forecast for the next month. It also gives totals for the accrual calculation for all loans by branch and by bank. This report is used mainly by the Accrual Department in handling installment earnings.

6. The fast-Due List is prepared twice monthly - for each branch - on

the seventeenth and on the last day of the month-end.

The reports mentioned in this bulletin are the ones most important to branches. These and others will be covered in various other bulletins.

CREDIT INFORMATION

In Atlanta, video screens are used for answering both internal and outside credit inquiries on a centralized basis. An alphabetical listing of customer names and account numbers (open loans) is provided monthly for each bank. Current balances, net payoff amounts, and other data can be secured through the video screens. Closed Loan Cards are prepared four times a month. The branch receives a copy, and Installment Loan Credit Inquiry Section receives a copy.

COLLECTIONS

Past Due Notices are prepared by Data Processing on the tenth day of delinquency. On the 17th day of delinquency, a Collection Card is automatically prepared for personal collection followup. A method exists to accelerate personal handling by waiving the notice and getting a collection card earlier than usual.



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Date 12-23-70

NEW BULLETIN

CHANGES

There are four specific methods of making changes:

- 1. Hemorandum to Installment Loan Control when new branches are opened or when dealer records are to be added or changed.
- 2. Installment Loan Name and Address Change form, (19-1210).
- 3. Installment Loan Payment Schedule Change/Payment Book Reorder (19-1215).
- 4. Installment Loan Miscellaneous Change form (19-1205).

They are simple to use, and in general, are processed the same day received by Installment Loan Control.



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LENDING GENERAL

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AUTOMOBILE FINANCING

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EQUITY AND TERMS

Page

1 of 3

Date 6-1-69

Replaces Bulletin: LENDING GENERAL - AUTOMOBILE FINANCING - EQUITIES
AND TERMS Dated 6-1-67

Much has been said and written regarding equity, down payment, mark up, dealer cost, and over-advance. In the past we have used various types of relatively expensive reporting services, such as the Automobile Invoice Service Company and the Black Book to obtain the exact dealer cost floure on new cars.

The value of the car being financed is certainly an important factor in considering automobile transactions, however, knowing the exact cost of a new car is not necessary. The decision making factors in considering an automobile transaction in order of importance are:

- 1. Credit worthiness of the purchaser or borrower
- 2. Down payment as an incentive to pay (equity)
- 3. Collateral value of the automobile (dealer cost)

The major manufacturers of automobiles have pretty well standardized the discount from list price or mark up from dealer cost, therefore, we feel it much simpler and more economical to use a percentage discount from sticker or list price than to try to compute dealer cost from the various publications. The basic percentages used as a discount, from sticker price, and their reciprocals (which equal the maximum advance) are as follows:

Type Vehicle	Discount (Gross Markup)	Maximum Advance
Compact	18%	827
Trucks	20%	80%
Medium priced cars	227	7 8%
Luxury cars	24%	76%



By using these maximum advance percentages displayed in chart number for use in your large rate book, a certain amount of computation time will be saved, in addition to eliminating the need for the expensive periodical.

Used car values are more readily obtainable and are much less complicated to determine. We will begin using the NADA Used Car Guide effective June 1, 1969 to determine these values. Our advance will be based on wholesale value in the NADA Used Car Guide and not the loan value.

Equity is still as important as always incentive for the borrower to repay the loan. Down payment percentages based on sticker price are very misleading, as there is usually an inflated trade-in on a cash discount allowed, therefore, the actual equity should be computed and the advance adjusted as follows:



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AL COMOBILE FINANCING

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AND TERMS Dated 6-1-67

2 of 3

Replaces Bulletin: LENDING GENERAL - AUTOMOBILE FINANCING - EQUITIES

Date 6-1-69

List Price as Shown by Invoice: Cash Selling Price *Down-Payment Requested to Finance

\$2,800 900

(33%)\$1,900

*This figure will be placed in the "down-payment" space provided on the discount sheet.

As Recomputed:

NADA "Clean Sales Price" of Trade-in

\$ 300

Cash Total Down-Payment Requested to Finance Adjusted Selling Price

Actual equity based on true values is only 17% and additional down-payment may be needed, depending on the credit factors involved.

For the sake of consistency, our guidelines, for the maximum amount that should normally be advanced, are based on dealer cost of a new car or the NADA Used Car Guide loan value of a used car.

ADVANCE AND TERMS

New Cars:

*Advance - Dealer Cost

Terms - 36 months

Used Cars:

*Advance - NADA Loan Value

Terms:

1 Year Old Models - 30 Months 2, 3, & 4 Year Old Mode!s - 24 Months

5 Years Old and Older - 12 to 18 Months

*This amount will be placed in "NADA/Dlr.Cost/Value" space provided on the discount sheet.



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LUNDING GENERAL

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AUTO: OBILE FINANCING

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Date 6-1-69

Replaces Bulletin: LENDING GENERAL - AUTOMOBILE FINANCING - EQUITIES

AND TERMS Duted 6-1-67

OVER-THE-COUNTER LENDING

The above standards are intended to serve as a guide when average credits are involved and collecteral is needed to support the amount of credit being extended. Exceptions should be considered when income, security of employment, and paying record are above average.

SALES FINANCE

The above guidelines are also applicable to Sales Finance, additionally taking into consideration the financial backing behind a dealer's repurchase agreement, repossession experience, extent of reconditioning of used cars, and the general quality of the purchaser credits in the portfolio.



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BORROWER'S AUTHORIZATION

TOPIC

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1 of 1 Date 2/22/71

Replaces Bulletin: LENDING GENERAL - BORROWER'S AUTHORIZATION - Dated 2/12/47

When a security instrument and note are assigned to the bank, we must make payment to the assignor, either by check or by crediting his account.

When the security instrument runs directly to the bank (as opposed to being made between customer and an individual, later to be discounted with the bank), we must make payment to the maker.

Without written authorization, our check may be made out to the maker of the note and whomever he may designate. An example would be when the loan is to pay off another loan - the check may be made out to John Doe and Friendly Finance, Inc..

With the borrower's written authorization, we can disburse proceeds as directed. For simplicity and consistency, we recommend that written authorizations be made using 19-889, Borrower's Authorization Form. See sample below. Any written authorization should be retained as a permanent part of the customer's credit file.

1	2-0
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	_

CSS		Borrower	r's Authorizatior. Form
-6-			19
I (we) hereby a	outhorize and direct T	THE CITIZENS AND SOUTHERN	
In pay \$	of the p	roceeds of my tour) note dated	
for S	to		
			4
		(Signature)	notes a factor of the second of the second
		White the secondary - Colombia	

ORDERING FORMS

Order by requisition from the Purchasing Department, Atlanta.

RELATED BULLETINS:

OVER THE COUNTER - AUTOMOBILE LOANS

OVER THE COUNTER - DEST CONSOLIDATION LOANS

OVER THE COUNTER - PROPERTY IMPROVEMENT

OVER THE COUNTER - PROPERTY IMPROVEMENT - GEORGIA PLAN

OPERATING BULLETIN

SECTION LENDING GENERAL

SUBJECT C. I. F.

TOPIC

Page 1 of 1

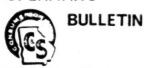
Date 12-17-65

Replaces Bulletin: "LENDING GENERAL - C.I.F." Dated 11-22-54

Our Central Information File (CIF) maintains a record of all present and previous dealings with our customers in the Metropolitan Atlanta area. These records are of great value to consumer credit men since they contain a reference to rejections, charge-offs, and "foreign claims", both in the Consumer Loan Department and the Commercial Department.

Even though CIF has been in operation for a number of years, a review of loan losses still indicates that CIF is not called on every loan application. As a matter of policy, every loan must be checked against CIF files. By doing this, needless losses can be avoided.

For everyone to derive the full benefit of CIF, information must be funneled to them quickly and accurately. Use CIF New Account Memorandum (15-571) to report all rejections. The Recovery Department reports all charge-offs and "foreign claims" to CIF. Central Information Files is the most valuable source of credit information in the bank. Gaining the full benefit of CIF requires the cooperation of all.



SECTION LENDING GENERAL

SUBJECT

CLASSIFICATION OF LOANS

TOPIC

Page 1 of 4 Date 9-2-70

Replaces Bulletin: LENDING GF: TRAL - CLASSIFICATION OF LOANS - Dated 12-1-55

Installment Loans are carried on our general ledger in two broad classifications:

INSTALLMENT LOANS - BUSINESS

This classification includes all Over-The-Counter and Sales Finance transactions where the maker for purchaser is a business or government agency In addition all contracts purchased in bulk from a dealer or other source. where the customer is not notified of the purchase, (Indirect Collection Accounts) are included im this classification.

INSTALLMENT LOANS - INDIVIDUAL

This classification includes all Over-The-Counter and Sales Finance transactions where the maker or purchaser is an individual.

The remainder of this bulletim treats only Installment Loans - Individual and their various classification codes that appear on the discount sheet.

TY'E CODES

This is a one digit code that indicates one of the following general class lications of consumer loans.

Type Code 1.

OVER THE COUNTER

These are loans originating from a direct application to the bank by the maker of the note. This type code includes all those loans made in which there is usually a direct contact between the borrower and the bank.

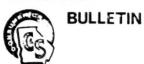
Type Code 2.

SALES FINANCE

Sales Finance loans are transactions originating from dealers and on which there is usually no direct contact between the maker of the note and the bank, prior to making the first payment. This classification of loans is generally known as "Dealer Paper."

LOAN CLASSIFICATIONS

The Loan Classification is a two digit code. The first digit indicates the Major Class (Automobile, Property Improvement, etc.). The second digit is the Minor Class, which is a breakdown of each Major Class. The Type Code, Major Class, and Minor Class are entered on the discount sheet by circling the appropriate numbers as shown on page 2.



SECTION LENDING GENERAL

SUBJECT

CLASSIFICATION OF LOANS

TOPIC

Page 2 of 4

Date 9-2-70

Replaces Bulletin: LENDING GENERAL CLASSIFICATION OF LOANS - Dated 12-15-55

TYPE	MAJOR LOAM CLASSIFICATION					
0		SALES FINANCE	10			
OVER	AUTOMONILE	1 SUTOMOBILE	7			
COUNTER	8 - COLLATERAL	2 FARM	3			
	3 - 14009980	5 - SERVICE	١.			
	4 : SIGNATURE	4 DOMESTIC				
2	S - PROPERTY IMP.	-	١.			
BALES FINANCE	. SMPLOVEE	-	,			
-IMANCE		7 - EQUIPMENT				
	_	8 - MARINE				
			0			

OVER-THE-COUNTER MAJOR LOAN CLASSIFICATIONS

CODE

AUTOMOBILE

All Over-The-Counter loans to individuals secured primarily by automobiles, trucks, motorcycles, motor scooters, etc., and/or their towed accessories.

2 COLLATERAL

All Over-The-Counter loans to individuals secured by collateral other than those already classified. These are loans made primarily on the strength of the collateral pledged by the borrower---such as stocks, bonds, savings accounts, equipment, etc. Included in this category also are all loans to farmers, secured by farm equipment, livestock or other farm related items; also, all loans secured by an acknowledged assignment of unearned insurance premium.

3 INDORSED

All Over-The-Counter loans to individuals which are indorsed or co-signed by second parties. These are the loans made to individuals whose own credit ratings are not sufficient to warrant an extension of credit in the amount requested and which consequently require another signature to make the loans sound.

4 SIGNATURE LOANS

All Over-The-Counter loans $\underline{\text{to individuals}}$ made on the strength of one signature alone.

5 PROPERTY INTROVERENT LOANS

All Over-The-Counter loans made under the bank's plan, comparable to FHA Title I plan but without FHA Insurance.

6 EMPLOYEE

All loans made to officers' spouses, officers, employees' spouses, or employees of C&S National Banks, Affiliate Banks, Correspondent Associate Banks, or any other bank. (GOG 9.22 expands on this.)



BULLETIN

SECTION 'ENDING GENERAL

SUBJECT CLASSIFICATION OF LOANS

TOPIC

Page 3 of 4.

Date 9-2-70

Replaces Bulletin: LENDING GENERAL CLASSIFICATION OF LOANS - Dated 12-15-55

SALES FINANCE MAJOR LOAN CLASSIFICATIONS

CODE

1 AUTOMOBILE

All loans originating from dealers and secured primarily by automobiles, trucks, motorcycles, motor scooters, etc., and/or their towed accessories, whether payable monthly or on a seasonal basis.

2 FARM

All loans originating from dealers and secured primarily by farm equipment.

3 SERVICE

All non-collateral loans originating from dealers.

All non-collateral loans such as GHEAC, USAF, Dental Payment Plan, etc. that come under special guaranty programs.

4 DOMESTIC

All loans originating from dealers under various agreements and secured by types of collateral other than those already classified - where the collateral is of a type designed for individual use, i.e., refrigerators, washing machines, etc.

5 PROPERTY IMPROVEMENT

All loans originating from dealers under the bank's plan, comparable to F.H.A. Title I but without FHA Insurance.

6 MOBILE HOME

All loans originating from dealers that are secured by mobile homes.

7 EQUIPMENT

All loans originating from dealers that are secured by equipment.

8 MARINE

All loans originating from dealers that are secured by boats, motors, and other marine gear and equipment.

PLEASE NOTE THAT A CODE FOR SALES FINANCE EMPLOYEE TRANSACTIONS DOES NOT EXIST. ALL EMPLOYEE AND OFFICER TRANSACTIONS MUST BE KEPT ON AN OVER-THE-COUNTER BASIS.

The Minor Loan Classification codes do not require a detailed explanation. Their names and code numbers are shown on the Classification Code Sheet at the end of this bulletin. Additional copies of the Classification Code Sheet are available through Retail Banking, on request.

OPERATING BULLETIN

SECTION LENDING CERERAL

SUBJECT CLASSIFICATION OF LOANS

TOPIC

Date 9-2-70

CLASSIFICATION CODES

	OVER-THE-COUNTER (TYPE		
MAJOR CLASSIFICATION	1 - AUTOMOBILE	2-COLLATERAL	3-INDORSED
minor classification	<pre>1 - passenger 2 - trucks to 2t 3 - motorcycles 4 - campers,small trailers</pre>	1-household goods 2-marine 3-aircraft 4-farm equipment 5-first mtge.,r.e. 6-cvli 7-savings accts., bonds,cert.,etc. 8-mobile homes 9-securities 0-miscellaneous	l-husband(co-maker 2-parent 3-other relative. friend,individua. 4-employer 5-creditor 0-other
MAJOR CLASSIFICATION	4 - SIGNATURE	5-PROPERTY IMPROVE.	6-E PLOYEE
minor classification	1 - unsecured 2 - second mortgage 3 - other partial security	1-property improve- ment note 2-second mtge.	none
	SALES FINANCE (TYPE CO		
MAJOR CLASSIFICATION	1 - AUTCMOBILE	2-FARM EQUIPMENT	3-SERVICES
minor classification	1 - passenger 2 - trucks to 2t 3 - motorcycles 4 - campers, small trailers	none	1-education plans 2-church bends 3-cometery lets 0-miscellaneous
HAJOR CLASSIFICATION	4-DCMESTIC	5-PROFERTY IMPROVE.	6-MOBILE HOMES
minor classification	1-appliance & furn. 2-piance & organs 3-other household goods	none	none
MAJOR CLASSIFICATION	17-20(20MD)T	8-MARINE	
efnor elessification	l-doctor and dental 2-office 3-store fixtures 4-vending 5-laundry & dry cleaning 6-automotive (repair/serv-ice) 7-barber & beauty 8-hotel & restaurant 0-miscellaneous	none	



BULLETIN

SECTION

LENDING GENERAL

SUBJECT

CLOSED LOAN CARD

TOPIC

Page

1 of 2

Date

7-30-70

NET BULLETIN

Glosed Loan Cards are prepared four times a month, in duplicate. An example is abown on page 2.

- The original is sent to the Installment Loan Credit Inquiry section.
 It will be alphabetically to supply the pertinent information for credit and interest inquiries.
- 2. The duplicate is sent to the branch to:
 - a. Serve as a notification that the loan has been paid in full so that loan papers may be released.
 - b. Be retained in the credit file as a permanent record of the loan.

The computer will continue to carry the loan information for at least 15 days after the final transaction.

MESSAGES

Some loans will indicate messages in the "MESSAGE" blank that require special handling. When the transaction code shown in the table below is used, it causes the message as shown. A later transaction, typically a rebate, will cause the last transaction code to change, but the MESSAGE remains.

Trans Code	MESSAGE	EXPLANATION	
52	No Message	Payoff-By customer	
53 .	DLR REPRCH	Payoff-Repurchased by dealer	
54	RENEWAL	Payoff-Refinanced by C&S	
55	OTHER LNDR	Payoff-Paid by another lender	
57	LIFE INS	Payoff-Paid by life insurance	
59	CHARGE OFF	Charged to loss reserve	

PAID-IN-FULL PROCEDURE

Procedure is outlined in the bulletin ACCOUNTING & GENERAL OPERATIONS - PAID-IN-FULL PROCEDURE. The Uniform Commercial Code and the Title Act require that certain acts to release security interests and to forward titles to customers be performed within 10 days after final payment. The final payment date and transaction code are shown on the center of the card under "LAST TRANSACTION". The date loan papers are mailed and the person receiving should be entered in the space provided on the Closed Loan Card.

RELATED BULLETINS:

ACCOUNTING & GENERAL OPERATIONS - PAID-IN-FULL PROCEDURES

COLLECTIONS - LATE CHARGES

LENDING GENERAL - TITLE ACT

LENDING GENERAL - PERFECTING SECURITY INTERESTS - PROCEDURE & DOCUMENTARY FEES



BULLETIN

SECTION

LENDING GENERAL

SUBJECT

CLOSED LOAN CARD

TOPIC

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2 of 2 Date

7/30/70

NEW BULLETIN

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6-10-69	5400	0 12	12	12	2	2	20.					-51	16.50	Paig	19845 004
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BULLETIN

SECTION

LENDING GENERAL

SUBJECT

CONSUMER CREDIT COUNSELING SERVICE

TOPIC

Page

1 of 3 Date 8/7/70

NEW BULLETIN

Consumer Credit Counseling Service exists in many cities across the nation. It is a national movement, however, each one is a completely independent, community-sponsored, non-profit organization. The purpose is to serve both individuals and business firms by giving financial counseling to those debtors who need it. The counseling is expected to achieve two main objectives:

- 1. To arrange for an orderly liquidation of existing debts.
- 2. To rehabilitate the debtor.

A debtor who has gone through the financial and emotional disciplines required to complete a CCCS program is likely to be a good credit customer in the future. The tendency to repeat bad practices does not exist nearly to the degree it exists with bankrupts and Chapter XIII Wage Earner accounts. Among the creditors' benefits are a lessening rate of personal bankruptcy, where national figures are rising, and a good rate of recovery for creditors on such receivables. Chief among the customer's benefits are (1) his self-respect is much more intact than if he were to have to go through bankruptcy proceedings, and (2) he gets extensions of time and reductions of payments that are approximately equivalent to those allowed by a Chapter XIII Wage Earner Plan, without the resulting attorney fees, courtroom proceedings, and attendant stipms of bankruptcy.

Atlanta's CCCS was founded in 1964; there is now a CCCS in Savannah. Since the beginning, C&S has been one of its strongest supporters. In Atlanta, C&S furnishes some employees and officers to CCCS to serve as counselors during evening hours, consequently, C&S is virtually committed to acceptance of their proposals. Any rejections of CCCS proposals should be made only by senior lending personnel.

QUR OBLIGATION TO CCCS

In essence, our agreement with CCCS is:

- 1. We will not assess any more interest or late charges on the account.
- We will cease collection activity on the account while it is in the CCCS program. All necessary contacts will be with CCCS - not the customer - as long as he is in the program.
- CCCS receives 10% of any funds collected from customers to help defray operating costs.



BULLETIN

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LENDING GENERAL

SUBJECT

CONSUMER CREDIT COUNSELING SERVICE

TOPIC

Page

2 of 3

Date

8/7/70

NEW BULLETIN

CCCS OBLIGATION TO US

- 1. Recover any CAS cards in the customer's possession.
- 2. Send CUT CAS cards, if any, to Cas.
- 3. Make monthly payments to us, if received from customers.
- 4. Bill us monthly for 10% of collections.
- 5. "Dry up" all of customer's credit sources and put him on a cash budget.
- Notify us promptly of customer default, as well as any known material change in ability to pay.

CHARGE-OFF POLICY

An account placed in the CCCS program is a questionable asset and must be charged off at the next regular charge-off time. While this will increase the dollar amount of losses before recovery, recovery is expected to offset this so that net losses will not be affected. Having Recovery Officers coordinate the paperwork on these accounts places this responsibility in more specialized hands and frees the operating locations' collection personnel for more productive work. There will be some instances in which it may be permissible to avoid charging off a CCCS account. This will occur when we are well secured and the proposed payment schedule very nearly approximates the existing terms.

Here are the main reasons that motivated this policy:

The deterioration of the quality of credit makes the account a questionable asset.

It assures clearer measurement of \underline{all} CCCS accounts, where presently we only concern ourselves with those on which we sustain losses.

While losses will increase, recovery will also increase, so that the net loss picture will not be adversely affected. In fact, because of specialized handling by Recovery Officers, the net loss picture could show a slight improvement.

The centralizing of these accounts will allow us to take advantage of the experience and personal relationships of our recovery officers in their negotiations with trustees, referees, and CCCS personnel.

The possibility of an unqualified satisfactory credit rating being given a reworked CCCS account will be eliminated.



BULLETIN

SECTION

LENDING GENERAL

SUBJECT

CONSUMER CREDIT COUNSELING SERVICE

TOPIC

Page

3 of 3

Date 8/7/70

NEW BULLETIN

Any extensions or reworks should be on a no-charge basis. The extension of time, the usual reduction of payments, the waiving of all extension fees and late charges, all combine to make these loans losing propositions. We pay 10% of all monies collected for services of CCCS. These are real expenses to the serving locations that should more properly rest with Recovery sections.

The computer will continue to assess late charges if payments are not received within 10 days of due date. This isn't compatible with our basic obligation to CCCS not to place any more charges on an account.

REFERRALS

Four occasions arise when CCCS seems to be the only alternative we can recommend:

- A loan applicant's debt status shows that he is badly overloaded, and it is doubtful that another lender would make a loan to him;
- A present customer applies for a loan, and up-to-date credit report shows a badly overloaded condition;
- We have rechecked credit for CAS re-evaluation purposes, or, in other banking areas, to determine our exposure, and we find a bad overlorded situation; and,
- Normal collection contact reveals a case that should be referred to cors.

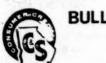
If you recommend CCCS as a possible solution, you will need to describe the program briefly to your customer, and how he can possibly benefit. If the individual has an emergency situation, an immediate appointment can be arrunged. Otherwise, there is frequently a 2 to 3 week waiting period.

EXCEPTIONS

- Charge Account Service RECOURSE accounts should be charged back to the merchant. Normally, his best alternative is to go slong with the CCCS plan.
- Real Estate notes, automobiles, mobile homer. and property improvement notes ordinarily will not be handled by CCCS due to the nature of these types of loans.
- 3. Sales Finance RECOURSE accounts should be handled on an individual basis. Our dealers do not have to go along with the CCCS they may elect to repurchase the account, and repossess or even sue. If they and we agree to the plan, we should explain to the dealer that we will continue carrying the account on condition we get a full regular payment each month.

We can do this by charging to his reserve each month the difference between the CCCS remittance and the regular payment.

4. Endorsers should be asked to pay off.



BULLETIN

SECTION

LENDING, GENERAL

SUBJECT

CORPORATE RESOLUTION

TOPIC

Page

1 of 1 -

Date

11-29-47

NEW SUBJECT

There has been some question as to whether or not it would be necessary to have a Corporate Resolution in file where our only dealing with a corporation was in the purchase of contracts or notes on a non-recourse basis.

Since these notes were assigned to us without recourse and after pre-investigation of the buyer of material or services, we were only looking to the corporation for the usual hon-recourse warranties. It was understood that we would accept only the signature of an officer of the corporation.

Our attorneys are of the opinion that we should have a Corporate Resolution in all cases and only accept the signature of properly authorized individuals.

At this time, it would be well for each of you to examine your procedure with respect to dealings with corporations. The bank auditors check this point closely and will criticize any installment office that does not have Corporate Resolutions in file to properly authorize the signatures of individuals signing on behalf of a corporation.



BULLETIN

SECTION

LENDING GENERAL

SUBJECT

CORRESPONDENCE ON ACCOUNTS

TOPIC

IDENTIFICATION

Page

1 of 4

Date 7-1-70

NEW BULLETIN

As we get larger, we have more and more time-consuming problems of identifying and routing items pertaining to accounts. Every item and letter pertaining to accounts - that is sent from your office MUST show:

- 1. Name of location
- 2. Exact location address OR departmental identification.
- 3. City, State, and Zip Code.

For consistency and thoroughness, we are asking each lending location to secure one or more rubberstamps, as needed, showing the above three items. There are some instances in which you will also want to show your name and phone number.

Following are some examples of how items should be identified:

delinquent section	PCR ISSURE OF	FICER USE ONLY			THE COL PRO OF		
STATE C SHERFF . POLICE C.	7 - CO VA THE LAT ASSETT						
	-		make of Televie		Date Value No.		
Name of Coulty or City	Ad Valorer Ton				-	BU 1937	USE about their
Ad Volgrem Tao Pengity	Tog Fee		Style of Body	No Co Line In	ladel Name and Number	No Go to	
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Citizens & Southe Peachtree-Baker C	office			Bacand Lian or So	ecurity innerest Helider		Type of Security Interest
	or N. W.	/					
P. O. Box 4899 270 Peachtree Str		that Com Com	Con and	lam.		Zia Code	Date Created

Sales Finance dealers need to be given the exact address information so they can properly complete their title applications.

OPERATING BULLETIN

SECTION

LENDING GENERAL

Page

2 of 4

SUBJECT

CORRESPONDENCE ON ACCOUNTS

TOPIC

IDENTIFICATION

Date

7-1-70



INSURANCE HOTIPICATION LETTER

Posts

ddrew

ity

Means !

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D. North

We have financed an automobile for the above customer, who has only atrif by will arctim; a play or of damage insurance policy from you on the subsche described above.

This vehicle is pirelied in us as security and the right to receive payment of claims or of estara promisin under this policy or any recoval thereof has been assumed to us. We request that the jobbs of any recreased thereof have attached Loss Payattle Form NALIA 51 or its supervisiont in Jacon of LaXs as security helder and provide that we will be given ten days advance nation in the event of cancellation of the policy.

Please do not send us a copy of the policy. We will approximate your furnishing the information requested below to returning this letter to us promptly in the enclassed pro-addressed coveringe. So produce will be necessaria

Think you very much

d			/		-		
B	The Citizen	s and Souther	- Bational	Bank -	Peachtre	e-Beker Of	fice
						-	

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Atlanta, Gaergia 10303

Name of Company

Policy Number

Coverages t Comp. 14 Firest Theft; \$

is pelled under that are loss under their coverages are on one or interest

The Citizens and Southern National Senk - Peachtree-Seker Office and that CaS will be given ten dess, advance national the event of a negligible of the

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BULLETIN

SECTION LENDING GENERAL

SUBJECT

CORRESPONDENCE ON ACCOUNTS

TOPIC

IDENTIFICATION

Page

3 of 4

Date 7-1-70

NEW BULLETIN

11		SOC. SEC. NUMBER SIGNATURE			
3914	Ţ	SOC SEC. NUMBER SIGNATURE			
- s	Ė	COMPLETE ACCOUNT TITLE			
N	0	PHONE			
		OCCUPATION-EMPLOYER			
L	•	BUSINESS ADDRESS PHONE			
	7	INITIAL DEPOSIT SDATE OPENEDOPENED BY			
C	N	"Ben			
H E C K I N G	- Y	In consideration of the opening of this account and in maintenance by Bank, and the above regiond. "Depositors." 1. Charges for maintenance and service of this account may be made on occasions and in amounts set forth in rule follows and hereafter adopted by Bank. Now service and maintenance charges and changes in sun existing charges shall be able to a proposition of the office of Bank for a period of 10 days, to upon sending them made in the office of Bank for a period of 10 days, to upon sending the made in course of the opening them to be a sendent of the opening them to the opening them. 2. Bank is authorized to wive presentance, notice of abshaces and protects as to all stems purchased or received by the deposition of collections. 3. Bank is authorized to honor any stem drags by (either of). Depositors even though the signature thereon does not be a supplied to the opening a bound of the opening the opening and the opening of boundary stems of the opening of boundary on the opening of boundary and address the boundary of the opening of boundary on the opening of boundary of the opening of boundary on the opening of boundary of the openi			
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UNIFORM CO	MMERCIAL CODE—FINANCING STATEMENT.	FORM 1
INSTRUCTIONS		
1. PLEASE TYPE this form. Fold only along peri	tration for mailing	
2. Remove Secured Party and Debtor raniss and con-	nest 2 copies with interior of curbon paper to the filing offi-	
internal, undentures, or may be on any size usper	prevented to the filing offers with a set of two copies of	the financing statement. Long schotnies of con-
4. When a capy of the occurry agreement is used as without extra fee.	a financing statement, it is requested that it be accompanied	by a completed but unsurned set of these forms
5. At the time of original nling, filing officer should rand on second copy as a Termination Statement, F	cturn second cupy as an arknowledgment. At a later time, seculing fee in \$1.00 f	red party may date and sign Termination Levend
	man and at a series is delination Scattonia	
This FINANCING STATEMENT IS presented to a Sline		· For Filing Officer Guly)
	Carlo	1 For Filling Officer Guly)
1 Bebterest chast Name First) and addression:	2 Secures Partyturet and addression)	Number:
	C&S National Bank	1
		J
	Peachtree Baker Office	Date:
	270 Peachtree Street, N. W.	
		County, Georgia, Office of
	Atlanta, Georgia 30303	
		Clerk of Superior Court.
	\	3 Materity date tif enyl:
Assignce of Secured Party (if any):		
1 Name and address.		



SECTION LENDING GENERAL

CORRESPONDENCE ON ACCOUNTS

IDENTIFICATION

Page

40f4

7-1-70 Date

NEW BULLETIN

C.I.F. NEW ACCOUNT MEMO

CENTRAL INFORMATION FI	270 Peachtree Stre		
OF ACCOUNT	OFFICE	_ /	
DORESS	/		
CHANGE OF STATUS:	V V	soc. sec.	
RE-OPEN	TRANSFER FROM DORMANT	Luciates	
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NEW ACCOUNT:	ACCOUNT NUMBER	1	_
REGULAR CHECKING		_ ILD SALES FIN	
SAVINGS		REJECT	
SAVINGS BONDS		TRANSFER OF EQUITYDEALER APPROVED	
SAFE DEPOSIT		- APPROVED	
TRUST		AMOUNT	
CHARGE ACCOUNT		OTHER	
COLLECTION		(SPECIFY)	
LOAN AND DISCOUNT		_	×
LINE OF CREDIT			_
		EX (THITIALS)	_

The proper procedure for interoffice correspondence is shown in GOG 26.203 dated 5-27-70.

OPERATING BULLETIN

SECTION

LENDING GENERAL

SUBJECT

CREDIT INQUIRIES

TOPIC

1 of 5 Page

Date 5-7-70

Replaces Bulletin: LENDING GENERAL - CREDIT INQUIRIES - Dated 11-22-68

Prompt and accurate exchange of credit information is essential to a healthy and growing consumer credit industry, All C&S Banks, as recognized leaders of the industry, have an obligation to give superior service to all credit grantors that request credit information on our customers. To expect good service from other credit grantors, we must perform likewise. In addition, we have an obligation to our customer who has given our name as a credit reference.

Mormally, we are not expected to give outside credit grantors any information beyond the routine spelled out in this bulletin - open or paid in full. To avoid duplicate investigation, in the exchange of information between C&S banks and departments, all pertinent data in the credit folder should be made available to the inquirer.

MAIL AND CREDIT BUREAU INQUIRIES SHOULD BE ANSWERED ON THE SAME DAY AS THEY ARE RECEIVED.

TELEPHONE INQUIRIES SHOULD BE ANSWERED WHILE THE INQUIRER IS ON THE LINE AND TRANSFER OF CALLS BE AVOIDED WHEREVER POSSIBLE.

CONFIDENTIALITY

Although we will continue our practice of exchanging basic credit information with reputable firms, we must reasonably satisfy ourselves that the calling party represents a reputable firm in the credit-granting business.

If a customer calls you for information, and you do not recognize his voice, get his phone number, confirm it, get the information, and return the call.

ABUSE OF CREDIT EXCHANGE PRIVILEGES

The code of ethics surrounding the exchange of credit information forbids the use of a credit inquiry to solicit the loan being investigated. We will not violate the code. If we find cases where our inquiries are not properly handled, we should refuse to give information to the offending credit grantor (after discussion with them at management level).

We do have the privilege of soliciting our customer where only the payoff balance is being requested by a dealer taking our collateral in trade. Such accounts should be referred to the appropriate credit officer for new business solicitation and should be kept in suspense until final disposition is made.



BULLETIN

SECTION

LE JING GENERAL

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Replaces Bulletin: LENDING GENERAL - CREDIT INQUIRIES - Dated 11-22-68

LOCATIONS ON COMPUTER

BRANCH RESPONSIBILITIES

Branches and Sales Finance locations continue to have the responsibility of giving credit information on certain types of accounts. The Credit Inquiry unit will refer all calls to the lending location on these special cases:

SPECIAL CASES

VIDEO SHOWS

1. Repossessions

REPOSS

2. Accounts paid by endorser

PD IND

3. Skips (if caller says so)

PATL

4. PATL payoffs (where collateral is Pledged Against Total Liabilities)

5. Unusual information or requests

EXAMPLES

- a. A merchant mentions that he has recently had NSF checks on the account.
- b. Law enforcement officials call to say they are attempting to locate customer.

You should refer inquiries on the following to their respective departments:

- Charge Account Service
- 2. Real Estate Loans
- 3. Term Loans
- Time & Demand Loans

All Atlanta National Banks and Atlanta area affiliates were on the computer by September 30, 1969. Information on accounts that paid out after computer conversion date is available from the Credit Inquiry unit. The branch still has the responsibility for giving credit information on accounts that paid out prior to the branch's conversion date.

Branches, then, should determine what type of inquiry they are getting before they transfer the call. DON'T BE TOO QUICK ON THE TRANSFER! REMEMBER TCP.

PROCEDURE

- A. Within bank -
 - 1. Phone Credit Inquiry and identify yourself by name and location.



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- Give customer's name and address (and what bank he carries account with, if known) and request information.
- Write down <u>all</u> information given, which will be in the following order:
 - a. Type of loan and collateral
 - b. Date opened
 - c. Original amount (High)
 - d. Number and amount of scheduled payments
 - e. Present balance
 - f. Paying record
- B. When other firms call, be sure of their identity. Then ask whether active or paid out.
 - When you have determined that it is an active consumer installment loan, transfer the caller to Credit Inquiry, giving the telephone number specified for other credit granters.
 - Look up and give information on paidouts. Then explain that if, in the future, the caller knows that the account paid out after (date) (your branch's conversion date), they can call Credit Inquiry and get faster and more complete information.

CREDIT INQUIRY FORM

The Credit Inquiry Unit fills out one of these forms on each call.

	I L D CREDIT INQUIRY FORM	1	
INQUIRER		REMARKS	
	1		
CUSTOMER NAME	• .		
ACCOUNT NUMBER		-	
DATE OF INQUIRY			
PREPARED BY			



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In all cases cited on page 2 of this bulletin as "SPECIAL CASES", the Credit Inquiry unit should note details in the REMARKS portion of the Credit Inquiry Form.

These are sent to the location carrying the account. The receiving location should file these in the customer's credit folder, after taking whatever action seems necessary from the REMARKS noted. Obviously, a quick three or four inquiries in a folder is reason to refer the file to the lending officer.

If it appears to Credit Inquiry that an address change is possibly needed, "Address Change" will be written in the REMARKS section. The receiving branch should immediately contact the inquirer to verify, and then file a Change of Address if needed.

LOCATIONS NOT ON COMPUTER

Procedures will vary somewhat by size of bank and physical layout, however, the following steps have been proven effective under most conditions for handling phone inquiries.

- 1. Have a designated phone(s) for answering imquiries.
 - Physically located with best possible access to ledger cards, wheeldex and credit folders.
 - b. Alternate personnel with ability to handle inquiries if the person primarily responsible is busy or not available.
- Ask whether the account is open or closed This information if available to the inquirer will speed up checking your records.
- If only the customer's name is available, and on closed accounts, check records in this sequence.
 - a. Credit file This will supply directional information on open accounts. Many of our inquiries are on closed accounts and on those, no further record search is necessary.
 - b. If a credit folder is not in file, check the wheeldex on the possibility that you have an open account where the credit file is in use.
- 4. From the most recent ledger card, give the following information in the order listed:
 - a. Type of loan and collateral if requested
 - b. Date of note
 - c. Original amount of note
 - d. Number and amount of scheduled payments
 - e. Present gross balance
 - f. Precise paying record

OPERATING BULLETIN

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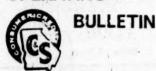
Replaces Bulletin: LENDING GENERAL - CREDIT INQUIRIES - Dated 11-28-68

EXAMPLE:

This is on a 68 Chevelle, made 10-18-68 for \$2799 payable 24 at \$116.65 present balance - \$1399, paid 9 prompt 2-15 to 30 and 1 over 30 days late.

RELATED BULLETINS:

GOG 26.18 - Information - Disclosure - Concerning Accounts
GOG 26.181 - Internal Revenue Requests
LENDING GENERAL - CREDIT INVESTIGATION



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ous experience wil's us.

"LENDING GENERAL - CREDIT INVESTIGATION"

Daved 6-29-62

Today's credit economy has been built upon the basic honesty and sincerity of the borrowing public. Consequently, applications for credit which we receive usually represent a sincere need or desire on the borrower's part. We must, therefore, always bear in mind that our primary responsibility to the borrowing public is to grant requests whenever possible. Investigation is the tool by which we determine if and how the request can be handled so as to best serve the borrower's needs or desires.

Most people realize the necessity of limiting their borrowing so as to prevent repayment difficulties. There are, however, some people who honestly fail to understand the extent of their ability to repay according to a prearranged schedule. These people are entitled to credit within their own limits but must be guided by the creditor if they are to meet obligations in accordance with the terms of their loan. Also, there will always be some individuals who borrow or assume obligations when they are fully aware that they cannot or do not intend to repay them. Credit investigation enables us to recognize these situations and helps in determining how we can best extend credit that is both sound for the customer and safe for the bank.

PACTORS TO CONSIDER IN APPRAISING A REQUEST FOR CREDIT

The purpose of investigation is to provide sufficient information so that the credit appraiser may reach a decision. The amount of investigation required depends on factors which vary with each individual request. One application will call for a complete and thorough investigation while another will require only the verification of employment and a check of the customer's previ-

Credit investigation is one of the largest single costs in the acquisition of new loans. Also, time is often "of the essence" where investigation is involved, since either the customer or a dealer is waiting for our decision. For these reasons it is essential that an adequate investigation be made but to no greater degree than is required to reach the credit decision.

To determine the amount of investigation necessary, the five basic factors discussed below must be understood by both the credit appraiser and the investigator.

- 1. Ability to Repay An affirmative answer to each of the following questions gives a good insight to the applicant's ability to repay.
 - Is his income sufficient to cover the usual necessities, his present monthly obligations, and the roposed additional indebtedness without undue hardship?
 - Will his income remain constant or increase during the terms of the loan? Take into consideration his type of employment, specialization, experience, length of service, his background and education.
 - (c) Is the customer dependent on other income which is subject to fluctuation or termination?



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These factors generally determine a person's ability to meet installment obligations; however, the ownership of liquid assets is also evidence of ability to repay. Such assets can, if necessary, be converted to cash to subsidize income should temporary difficulties arise.

- 2. Stability Evidences of stability are length of time on present or previous job, length of time at present or previous residence and whether renting or buying. Other factors to be considered here are age, marital status, and ability to assume responsibility. Instability may cause a person to move frequently and could bring about periods of unemployment, resulting in financial difficulties.
- Character Honesty, truthfulness, type of employment, domestic relations, personal reference, associates and type of neighborhood in which he resides all serve to indicate the character of a person.
- Performance A review of the customer's past repayment history will be helpful in arriving at your decision.
- 5. Collateral Loans should never be made on the assumption that collateral will be used to pay the indebtedness. However, the securing of collateral does at times become a factor in the granting of loans. It is usually required when the proceeds of the loan are used to purchase the collateral or it may be used to strengthen the loan, thereby making it possible to grant the customer's request.

The key to good credit investigation lies in the investigator herself. The well-qualified investigator is both observant and alert, and should possess the following attributes:

- Has the ability to pick out facts and leads indicating the credit-worthiness of an individual.
- 2. Has the interest and inquisitiveness to follow through on such leads.
- Realize the necessity of making sufficient investigation to arrive at a decision concerning the granting of the loan.
- Has a pleasant telephone personality through which she develops a skill in obtaining additional information not ordinarily reflected in routine calls.

Her primary job is to:

- 1. Verify information given on the application.
- Develop additional information when the application does not contain sufficient detail.

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- 3. Uncover any unfavorable information when such exists.
- 4. Discontinue investigation once adequate information has been obtained.

SOURCES OF INFORMATION Oftentimes our credit investigators will be able to develop within the local office the information needed to reach a decision. When this is possible, it not only saves time but also money for the bank. Here are the various sources which should be used in processing an application.

- Local Installment Loan Department Check your own files. If the applicant
 has had a recent loan, the file may contain sufficient information for a
 decision. A review of the file may reflect recent inquiries from other
 credit extendors which, when checked, may reveal outstanding indebtedness of
 which the applicant failed to advise us because of an oversight, an unsatisfactory payment record, or excessive indebtedness.
- 2. Other Departments Within The Bank Or Other Offices In Same Ares In Atlanta, Central Information Files maintain a complete listing of all C&S customers and of all services being used by each individual customer. Other cities having multiple C&S offices have similar arrangements. These services must be checked to prevent overlapping in borrowing between different offices or among departments.

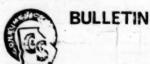
When such additional borrowings are found, they should be checked to determine the customer's total outstandings to the bank. This will eliminate duplicate or unnecessary investigation and will provide the benefit of current experience with the applicant. Particular attention should be given to any special consideration on which credit was advanced, such as the request of an employer, on the basis of an endorser, etc.

Reporting Agencies - There are credit bureaus in each C&S city. In determining the use to be made of such reporting agencies, we must consider:

 (1) the speed with which the report can be obtained;
 (2) the percentage of applicants on which the agency will have reports;
 (3) how current the agency's files are;
 (4) the cost of this service.

We usually accept the report "in file", making our own further investigation as necessary. In analyzing this report, consider:

- (a) Date of report. This indicates the period covered in the bureau file.
- (b) Date of "detail" (personal information) and if verified. If verified within the past six months, the information should be compared with that on the current application. If discrepancies exist, they should be clarified by direct calls.



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(c) Date of trade and trade clearance. This gives an insight to the customer's indebtedness and the manner in which he handles his obligations.

(d) Discrepancies between amounts outstanding on the bureau report and those shown on the customer's application. The investigator must remember that such discrepancies may be due to the difference in the date of the report and that of the application. (The customer will have been making monthly payments during the interim.)

(e) Calls from creditors to the agency for its report. These may represent a loan made to the customer, shopping by the customer, a rejection of a request for a loan, submission of an application by a dealer, or the fact that the customer is serving as co-maker or accomodation endorser. A direct call should be made to any creditor not listed on the application to determine the customer's total indebtedness. This will also assist in determining the trustworthiness of the customer in completing

his application.

4. Direct Calls To Other Creditors - From such calls the investigator will learn of other creditors' experience with the appl.cant, the date of the sale or note, amount of monthly payments, present balance, collateral securing the indebtedness, and the repayment record. Special attention should be given to indications of borrowings from small loan companies. In those cities where laan companies do not belong to the Credit Bureau, it will be necessary to make direct calls to determine the extent of the applicant's indebtedness.

Inquiry calls made to us by other creditors are good sources of information. As inquiries are answered the name of the creditor and the date are recorded. Direct calls should be made to these sources as deemed necessary when making a subsequent investigation of our customer.

5. Employer - A direct call should be made to the customer's employer whenever employment has not been verified through our own files or the agency report. When contacting an employer, be sure that the individual with whom you are talking is authorized to give you factual information. State the purpose of your call and ask that they furnish you with the following information: length of employment, position held, salary, permanency of position, and any other general information they feel will be helpful. In marginal cases you may want to talk to the owner or immediate superior.

If the customer has been on his present job less than one year or if there are any other indications of job instability, the investigator should verify his previous employment. Determine the length of his service there and his reason for leaving.

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RECORDING RESULTS OF INVESTIGATION Results are recorded directly on the discount sheet using red pencil to underline those

facts verified and to write in additional information developed. (See bulletin: LENDING GENERAL - DISCOUNT SHEET.)

EXTENT OF INVESTIGATION Basically the same factors are considered in appraising requests for all types of individual consumer credit. whether it be over-the-counter, sales finance, or CAS. In direct lending where a personal interview is possible, the application will give detailed information and investigation will be primarily verification and the development of unfavorable and derogatory information not divulged on the application. Indirect lending does not provide us with the opportunity for customer interview. Consequently, such applications are frequently less complete, both from the standpoint of "detail" information as well as total indebtedness, thereby requiring a greater development of information during the investigation.

Many applications can be adequately appraised and further investigation eliminated after a check of our own department files and a check with CIF or similar service where available. If all of the following statements are true, no further investigation is usually necessary.

- (a) The credit request does not exceed an amount handled satisfactorily in the past two years and collateral and terms are in line with previous loans.
- (b) The customer is a home-owner or has a minimum of three years at the present address which is in a medium-to-better residential area.
- (c) The customer's employment has remained unchanged for the past two years. (d) The files have been brought current by outside investigation in the past 24 months.
- (e) There is no evidence of new or increased outside obligations since the last investigation.

When any of the above factors are not true or do not apply, as in the case of new customers, a more complete investigation must be made. The extent of investigation is a matter of judgment and will vary with the request. However, the following will usually be necessary:

- (a) Through the course of investigation determine that your customer is the person he professes to be (no mistaken identity) and also that the information you have obtained relates to your customer rather than some other individual with a similar name.
- (b) Obtain an agency report. Further tollowup from this should be made in accordance with that section of this bulletin relating to Reporting
- Agencies on Page 3.
 (c) Verify employment. See Employer on Page 4 of 6.



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At this point the investigator must analyze the information obtained to determine what additional investigation is needed in the form of direct calls to outside creditors.

No set rules can be established which will serve to govern the amount of investigation necessary on all loans; however, specific guides as to the extent of investigation will be given in future bulletins pertaining to the different types of loans.

SPECIFIC EXCEPTIONS

One of the major difficulties encountered in investigation is the relating of pieces of information developed to both information already known and to other information obtained. Quite frequently investigation takes the form of puzzle solving with one piece of information starting a "chain" of action requiring a step-by-step uncovering of facts. It is essential that the investigator be alert in following up both information which appears to be exceptional to the normal rule, as well as any "lead" which will clarify a questionable situation. Regardless of the type loan or security offered, the following exceptions should always be cleared:

(a) Apparent intentional omissions by the applicant.

(b) Discrepancies in information furnished by customer and that developed in investigation.

(c) Evidence of pyramiding of debts or borrowing from one creditor to pay another.

(d) Evidence of excessive indebtedness indicated by relating total income to normal basic requirements.

(e) Evidence of applicant living beyond visible income.

(f) Slowness in repayment of obligations.

In the final analysis, each transaction must be considered individually, and each investigator must develop her own ingenuity and judgment if maximum efficiency is to be obtained. The investigator must remember that her job is to develop enough information so that the credit appraiser may make a decision. The extent of her investigation will depend on the type of customer request involved, the kind of information which she develops during her investigation, and any limitations which the interviewer indicates when he requests the investigation.

RELATED BULLETINS

LENDING GENERAL - DISCOUNT SHEET
CHARGE ACCOUNT SERVICE - COLLECTIONS - OVER-LIMIT ACCOUNTS
CHARGE ACCOUNT SERVICE - CREDIT-APPROVAL - NEW APPLICATIONS



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The Discount Sheet (19-1295) serves the purpose of:

- 1. Application.
- 2. Investigation.
- 3. New Loan Accounting.
- 4. Source document to place new loans on the computer record.

Application is covered in the bulletin: OVER THE COUNTER - APPLICATION AND INTERVIEW; Investigation is covered in the bulletin: LENDING GENERAL - CREDIT INVESTIGATION. This bulletin covers points 3 and 4 - new loan accounting and necessary source document information.

At the end of this section are samples of completed Discount Sheets. The shaded areas of the Discount Sheet contain the information which will be recorded on the computer record. Therefore, care must be taken to insure that all information in these sections is (1) correct, (2) completed as applicable, and (3) legibly printed. Errors appear on that day's File Maintenance Report and must be corrected on a daily basis.

NAME AND MAILING ADDRESS

Four lines are provided for the customer's name and mailing address. The first line should be used to record the customer's name and the address can normally be placed in the next two lines. The ZIP code should always be included. When a loan is in the name of two persons, a name should be placed on each of the first two lines.

ACCOUNT NUMBER

This section contains the account number which includes the bank code, the branch code and the five-digit loan number assigned by the branch. Example of complete account number: 01 01 12342

01 --- Bank Code - Atlanta

01 --- Branch Code - Marietta Street

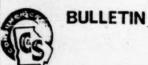
12342 --- Loan Number Assigned by the branch

DATE OF LOAN

The date of loan is the date the loan is put on our books.

NUMBER OF MONTHS (Term of the loan, expressed in months)

This is the number of months the loan is to run or the number of months to elapse from the date of the loan to the date the final payment is due. (This is not necessarily the number of payments). It is most important that the number of months is stated correctly, since it is the basis for the calculation of rebates and accrual. If the term entered is incorrect by more than one month, the loan will be rejected by the computer. It will appear on that day's File Maintenance Report, and Installment Loan Control-Atlanta must correct and re-enterit the following day.



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PAYMENT SCHEDULE

Space is provided on the Loan Master Record for up to four payment series (four changes in the payment amount or interval between due dates). The total amount of all payments scheduled must equal the Note Amount (Total of Payments). If not, Installment Loan Control - Atlanta must correct and re-enter it the follow-

The following Schedule Codes are entered in the Payment Schedule Section of the Discount Sheet to indicate the type of payment schedule (interval between payments).

Monthly

Quarterly 3 Semi-Annually

Annually

Single Maturity Balloon Payment

Reschedule involved (see page 4).

EXAMPLES

If the payment amounts and due dates are to remain constant for the entire loan, the schedule would be entered on the Discount Sheet as shown below and on the following page in examples 1 and 2; using only one payment series. The first example is a regular monthly payment loan, having 36 equal payments of \$91.90, beginning on November 8, 1970.

EXAMPLE 1

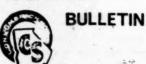
Monthly Payment Loan (all payments equal and due the same day each month).

HO. 07	60 06	AMOUNT OF PAYMENTS		BATE TO BESIN		
36 1		- 91.90			11/8/10	
					36	10/1/70

EXAMPLE 2

Quarterly Payment Loan (all payments equal and due on the same day of the month each quarter).

NO. OF PATE '70	9CHES.			BATE TO GESIN
12	3	« 41C	0.80	12/8/10
		•		
1011			36	9/ 4/70



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If there are two or more payments of a different amount or interval between due dates, two or more payment series must be used as shown in examples 3 and 4.

EXAMPLE 3

Monthly Payment Loan (the final payment is a different amount).

NO. 07	*****	AMOUNT OF PATMENTS	DATE TO
23	1	« 84.20	11/8/10
1	1		10/8/72
		•	
		•	-
	-	24	10/4/70

EXAMPLE 4

Sales Finance Farm contract Semi-Annual Payment (the amount and time interval of the first payment is different from the remaining payments).

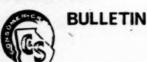
PATM'78	BCH88	PATHE		DATE TO
1	6	4 750	.00	10/1/70
5	6	-500	0.00	10/1/71
		46		
			45	4/ 1/7

Infrequently, a loan will be made with a highly irregular payment schedule, which cannot be recorded in the four payment series. Exceptions of this type are usually Sales Finance Farm Equipment contracts. When this occurs, the entire schedule should be shown in the payment schedule section, regardless of the number of changes.

EXAMPLE 5

Irregular Payment Loan

	****		PAT	-				
2	6		8=	5.	00	1	111	71
1	6	•	60	10.	0	1	11/	72
1	6		80	SO.	8	7	11/	72
:	6		3	QQ.	3	1		3
				1	37	DATE	131	7



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The payment schedule shown in Example 5 cannot be entered as it is since this loan requires five payment series to be scheduled and space for only four series is provided in the computer record. The loan can be placed on the computer, by entering the first three series, then entering the total of the remaining payments as one payment in the fourth series, with an "R" schedule code. This means that the payment recorded as the fourth series will eventually have to be rescheduled when the first three series of payments have been paid. Example 6 shows how this loan will be recorded on the Loan Master Record.

EXAMPLE 6

Number of Payments	Schedule Code	Amount of Payments	Beginning Date	
2	6	825.00	1-1-71	
1	. 6	600.00	1-1-72	
1	6	800.00	7-1-72	
1	R	1,265.00	1-1-73	

The correct term (number of months) will be shown even though the entire schedule of installments cannot be recorded on the Loan Master Record at this time. (When the schedule code in the last series is "R" the loan will be accepted by the computer, even though the term does not agree with the last payment due date.) The customer's Payment Card Book will include payment cards for all payments. When the first three series have been paid by the customer, the Action Report will inform the branch of the necessity to reschedule the remaining payments.

DUE DATES

Payments must be scheduled to become due on the 1st, 8th, 15th, or 22nd of the month.

TOTAL ADVANCED

This is the total amount of all disbursements made on the loan. The total advanced does not include Interest and Discount, Dealer Contingent Reserve, or Dealer Loss Reserve. It does include Prepaid Dealer Reserve when the dealer is paid a portion of the finance charge with each contract purchased.

AMOUNT FINANCED (applicable to Sales Finance loans only)

On a Sales Finance loan, this is the amount applied to the rate chart (Unpaid Balance of Cash Price + Physical Damage Insurance, + Official Fees, + "Other" specific charges).

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DEALER CONTINGENT RESERVE (Applicable to Sales Finance loans only)

The portion of the AMOUNT FINANCED which is withheld from the dealer and will be credited to the DEALER CONTINGENT RESERVE account.

DEALER LOSS RESERVE (Applicable to Sales Finance only)

The portion of the GROSS CHARGE which will be credited to the DEALER LOSS RESERVE account.

PREPAID DEALER RESERVE (Applicable to Sales Finance loans only)

The portion of the Gross Charge which is paid to the dealer at the time a contract is purchased by the bank.

GROSS CHARGE (Applicable to Sales Finance loans only)

The total finance charge to the customer plus any group insurance coverage premiums. (The difference between the Note Amount and the Amount Financed).

INTEREST AND DISCOUNT

This figure includes Interest, all Life, Disability, and Retail Insurance premiums. For Over-The-Counter loans this is the total charge to the customer, except for documentary fees or property improvement loan verification charges. For Sales Finance loans, this is the bank's portion of the Gross Charge.

TOTAL OF PAYMENTS

OVER-THE-COUNTER LOAN

FC6A36	:. 1915.32
CHAST HET SAYE	. 315. 32
S .	C DEALER LOSS RESERVE
AMDUNT PINANCED	C . S
	1,600.00
OLD ACCOUNT NUMBER	**
	8:. 240.80
INTERIOR TRANS. TO	•
	č

892-36-8410 MR. OR MRS. JOHN W. WILLIAMS	. 559.20
TOHN W. WILLIAMS	. 800.00
OS CHECK S LABOR TUMBS RECEIVED FOR.	



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	FCE IOA636M	:. 1311.48
	FCE 8.0	\$ 315. 08
	. 371. 48	56. 40
)	• 9 40. 00	C DEALER CONT. RESERVE
SALES FINANCE LOAN	PREPAIS BLA RESERVE	· 940.00
	OLB ACCDUNT NUMBER	
	OLD ACCOUNT NUMBER	••
	INTERIOR TRANS. TO:	:.
		£
DEALER		940.00
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EASH FUNDS	-	•

COLLATERAL DESCRIPTION

Space is provided for recording automobiles and other collateral of this nature. Each part of the description must be abbreviated to provide as complete a description possible.

ନ	71	CHEV.	IMP.	4-DR. HT	104608 932
20				1010	10 1000 134

When a loan is secured by several pieces of merchandise, or by other collateral, such as savings accounts, stocks, etc., this collateral should be briefly described in the next shaded area as in the example below. This space may also be used for an indorser's name.

C+S SRV. - ACCT #12 3456789

The person completing the Discount Sheet is best qualified to determine how the collateral description or indorser's name should appear on the Discount Sheet. The first fifteen characters appearing in the first shaded collateral area, or if the first area is blank, the first 15 characters shown in the second shaded area will be recorded on the computer record. General abbreviations, as shown on page 7, should be used so that the 15 characters available will adequately describe the collateral.



BULLETIN

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LENDING GENERAL

SUBJECT

DISCOUNT SHEET

TOPIC

Page

7 of 11 Date

11-17-70

Replaces Bulletin: LENDING GENERAL - DISCOUNT SHEET - Dated 11/11/70

62 Ford PU TRK 68 Chev. Imp 2 Dr Propane Sys 3 GE Appli C&S Sav Acct Serv Sta Equip Salary Assg Com Stk Farm Equip 5 Vend Machs Lease Assg

CVLI Hehld Furn

HODEL CODE

The Model Code is applicable to all automobile loans, whether Overthe-Counter or Sales Finance. Indicate the year model of the automobile being financed by circling the appropriate number. This code must be entered for all auto loans since it is used in preparing the Statistical Summary Report.

PERCENT DOWN AND OVER-ADVANCE

The <u>percent down</u> is the percent that the total down payment (cash down payment plus net trade-in value) is of the cash price. The <u>over-advance</u> is the amount by which the principal amount of the loan exceeds the loan value of the collateral, expressed in dollars. Insurance premiums advanced as a part of the loan should not be considered in the calculation of the over-advance.

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65 C	hev. Imp. ada.	HT /000.00	410.00
	AMBUME		

SPECIAL INSTRUCTIONS CODES

One of these codes must be used, and only one can be in effect at a given time.

CODE NO

.

This is the "Debit Checking Account For Payments" code. (Not applicable to Financial Corporation). It is a customer option. If selected, circle "l" in the Special Instructions Code section, and enter the checking account number and title of account. On each due date the customer's checking account will be debited and the payment automatically credited by Data Processing.

DESIT CHECKING ACCT.	TO SE SESITED	MR. OR	MRS. JOHN	A. SMITH
POR PAYMENTS 8 - SPECIAL COLLECTION MANULINE	ACCOUNT NUMBER	1:42	1381	

If the loan and the checking account are in different C&S banks, and the checking account is processed in Atlanta, (a) asterisk the checking account number to be charged, (b) draw a line from the asterisk to an open place on the discount sheet, and write in the name of the bank that has the checking account. See example below.

D SEEMORY CHECKING ACCOUNT O MORE CHECKING CHECKING ACCOUNT ACCOUNT



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Replaces Bulletin: LENDING GENERAL - DISCOUNT SHEET - Dated 11/11/70

The customer will be advised in one of two ways:

(1) In the Atlanta area, the customer's checking account statement will identify the debit by the symbol "LP" loan payment. He will not receive the debit advice.

(2) Outside Atlanta, until your city is programmed for your-bank's checking account statements to show "LP", a debit advice will be included in the customer's statement. This check-size piece of paper will serve about the same purpose as a cancelled check.

WHICHEVER METHOD IS USED, BE SURE TO EXPLAIN IT TO THE CUSTOMER.

CODE NO.

2

This is the "Special Collection Handling" Code. This code will prevent Past Due Notices from being sent to a customer for the life of the loan. (Unless the code is later removed by an Installment Loan Miscellaneous Change form (19-1205). This will accelerate our collection follow-up by seven days since the Collection Card will be prepared instead of a Past Due Notice when the loan becomes ten days past due. This code should be used only when we anticipate difficulty with a loan (for example, a rework for collection purposes) and early collection follow-up is necessary. If Special Collection handling is necessary, circle code "2".

3

Write in "3" if it is a Sales Finance add-on that should have an add-on insert placed in the payment book.

0

If no special instructions apply, circle "O" for "None".

TYPE CODE

The type code is a one digit code which indicates one of the following general classifications of consumer loans.

Code

Type

1 Over-The-Counter

Sales Finance

LOAN CLASSIFICATIONS

The Loan Classification is a two digit code. The first digit indicates the Major Class (Automobile, Property Improvement, etc.). The second digit is the Minor Class, which is a breakdown of each Major Class. Type Code, Major Class, and the Minor Class are entered on the Discount Sheet by circling appropriate code numbers:

TYPE		LAUSIFICATION	GLE SO
0	SVER-THE-COUNTER	SALSS PINANCE	0
0	1 AUTOMOBILE	1 - AUTOMOBILE	1
COUNTER	S - COLLATERAL	B - PARM	
	4 - H4000440	9 - 988VICE	
	4 - BIRMATURE	4 - BOMESTIC	
	8 - PROPERTY IMP.		
PHANCE	. EMPLOYEE	. MODILE HOME	,
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Replaces Bulletin: LENDING GENERAL - DISCOUNT SHEET - Dated 8/12/58

INSURANCE CODES

Circle the codes for the coverages desired under the group policies. Be certain that the rate used includes the proper premiums for Life, Disability or Retail Fire and Theft. For loans covered with Credit Life and Disability Insurance, if anyone other than the maker is to be insured, or if two or more persons are to sign the note, the name and age of the person to be insured must appear in the blank provided at the bottom of the Discourt Sheet. The Party Insured Code must also always be completed by circling the appropriate number.

INSURANCE CODES

LIFE AND DISABILITY

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2. AUTO

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O BORDONCE INSURED

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1. OTHER PARTS INJURED

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ACE

SOCIAL SECURITY NUMBER

This number will ultimately be used as a "customer "number to consolidate a person's relationship with the bank. While this cannot be accomplished through an automated CIF at this time, we should start recording the social-security number on all loans in preparation for an automated CIF.

MANUFACTURER CODE (Leave blank until further notice.)

INSURANCE EXPIRATION DATE (Leave blank,)

CREDIT PROFILE (Leave blank until further notice.)

APPROVAL

The initials of the person approving the loan should be written and legibly printed in the spaces provided.

CHECKING THE DISCOUNT SHEET

The most important single action is that of an experienced person who checks the completion and discounting. That person's initials should appear as shown here.

ORDERING FORMS

Order discount sheets (19-1295) from Purchasing in the usual manner.

RELATED BULLETIES

OVER THE COUNTER - APPLICATION AND INTERVIEW
LENDING GENERAL - CLASSIFICATION OF LOANS
LENDING GENERAL - CREDIT INVESTIGATION
COLLECTIONS - NOTICES



BULLETIN

SECTION

LENDING GENERAL

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Replaces Bulletin: LENDING GENERAL - DISCOUNT SHEET - Dated 8/12/58

An explanation of each Minor Class is not shown on the Discount Sheet due to space limitations. A full explanation of loan classifications is in the bulletin: LENDING GENERAL - CLASSIFICATION OF LOANS.

PURPOSE CODE

The Purpose Code (Applicable only to Over-The-Counter loans) indicates the reason or purpose of the loan. The applicable Purpose Code number should be circled for all the over-the-counter loans as shown:



DEALER NUMBER

The Dealer Number is a three digit code assigned to all Sales Finance Dealers to provide controls for the business purchased from each dealer. If an unassigned or incorrect Dealer Number is entered, the new loan will be rejected by the computer, and must be corrected and re-entered the following day.

SOURCE CODE

This code applies to all over-the-counter and sales finance loans.

CODE

1, 2, 3 Self-explanatory.

4

"Refinance". Circle when one or m. e loans are reworked to reduce payments or change the schedule.

"Refinance - workout". Normally, this will be circled when we have had a collection problem. Special Instructions Code 2 should also be circled to place the account in the Special Collection Handling category. See Bulletin: COLLECTIONS - NOTICES.



OTHER BANK SERVICES

This section of the Discount Sheet serves as a reminder to solicit additional business during the interview. In addition, reports produced from these codes will indicate the potential new business available through installment borrowers, the present penetration, and the number of other services sold during the interview.

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OPERATING BULLETIN

SECTION LENDING GENERAL

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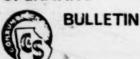
SUBJECT

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SECTION LENDING GENERAL

SUBJECT DUE DATES

TOPIC

Page Page 1 of 2 Date 3-28-68

Replaces Bulletin: "LENDING GENERAL - SETTING DUE DATES" Dated 1-5-56

In setting due dates on monthly payment notes, there have been two general considerations: (1) to make the due date coincide with the maker's pay day or income period and (2) to arrange due dates in such a way that the flow of payments being paid would result in a more even accounting work load throughout the month. Often the two objectives have been in conflict. Certainly, point (1) is of primary importance. Hany situations exist, however, in which both points can be served.

A method of setting due dates, developed by C&S, takes into consideration that practically all income falls into one of three groups:

- MONTHLY OR SEMI-MONTHLY PAY DAYS --- with few exceptions pay day
 is on the first and/or on the fifteenth of each month.
- 2. WEEKLY OR BI-WEEKLY --- generally pay day is on Friday or Saturday.
- INCOME RECEIVED THROUGHOUT THE MONTH --- small businesses, individual dealers in services, day to day workers, etc.

To conform to the two basic principles of setting due dates and to permit the most effective notice and collection followup, four due dates are used; (a) the lat.
(b) the 8th, (c) the 15th, and (d) the Z2nd. It should be remembered that almost all real estate mortgage notes are due on the first of the month, as are a high percentage or rental payments.

MONTHLY OR SEMI-MONTHLY PAY DAYS

Make due date on the lst or 15th. The choice of date will depend upon what fixed expenses the maker already has. The due date should be set on the pay day that has the most "unallocated" income.

WEEKLY OR BI-WEEKLY PAY DAYS

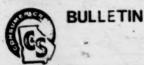
Make due date on the 8th or 22nd. Fixing a due date on a calendar month basis when week's pay days are involved is an arbitrary selection anyway since successive weekly pay days will fall on varying dates during the month. The best that can be done is to select the half of the month in which the maker has the most "unallocated" income.

INCOME RECEIVED AT IRREGULAR INTERVALS

Allow choice of lst, 8th, 15th, or 22nd, taking into consideration the maker's ability to make payments promptly on the date selected.

EQUALIZING DUE DATES

When makers have the ability to make payments on any of the dates within each of the above categories, branch personnel should set the due date on the date within the category that has the least number of payments already scheduled. Sales Finance has much less



SECTION LENDING GENERAL

SUBJECT DUE DATES

TOPIC

Page Page 2 of 2 Date 3-28-68

Replaces Bulletin: ".ZNDING GENERAL - SETTING DUE DATES" Dated 1-5-56

latitude here, since the dealers set the due dates. They can, however, counsel with individual dealers as needed to help equalize the load.

GRACE PERIOD

Lenders sometimes set the due date anywhere from one to ten days after the pay day to "allow time for the payment to reach the bank by the due date." Where too much time is allowed, the borrower is tempted to use the runey for other immediate needs and thus will slip over into his next pay period and from then on be chronically late. Under our system this time interval does not exist and it should be explained to borrowers that the time necessary for the payment to reach the bank is taken into consideration in appraising their promptness of payment. In reviewing payment records, consider any payment that is posted before the first notice is sent as being "prompt."

TIME INTERVAL FOR FIRST PAYMENT

It is customary in installment lending and installment selling to allow 30 to 45 days before the first payment is due. A convenient due date can be found in this range. Obviously, because time is money, we should not indiscriminately offer 45 days. The real determinant should be the date most suitable to the customer's needs, which will be the pay day that has the most unallocated income.

DEALER ORIGINATED NOTES AND CONTRACTS

Dealers should be sold on the merits of this system from the standpoint that it improves our collection service for them and, to a large degree, eliminates complaints that result from playments and notices crossing in the mail.

Contracts and notes received without the correct due date should be discussed with dealers where practical. In the absence of confirmation of the correct due date, change the date of the first payment by allowing as much additional time as is necessary to reach the first due date that will coincide with the borrower's income period, up to 15 days.

CHANGE OF DUE DATE

It is permissible to adjust a due date for the customer's convenience, up to 15 days, without charging a fee. A note explaining the need and action should be made in the customer's credit file. Ordinarily, due dates should be changed only by mutual agreement between the bank and the customer. If more than 15 days is required, it should be handled as an extension. (See COLLECTIONS - EXTENSIONS.)



BULLETIN

SECTION L

LENDING, GENERAL

SUBJECT

GRADING

1 of 1

TOPIC

Page

Date

8-8-58

FILE IN OPERATING GUIDE
REPLACES BULLETIN: "SALES FINANCE - GRADING" Dated 1-26-48

In the past only Sales Finance credits have been graded. Now with the means available through IBM equipment of preparing a credit record of over-the-counter loans we are extending our grading to this class of business.

The grading of credits provides a standard yardstick by which loans or purchases may be analyzed without waiting for past due accounts to appear and a ready means of specifing the class of credit to be extended in the future on any given dealer or loan class.

Grading is the analysis of a credit risk and the recording of the credit man's judgement of that risk as defined below. Credits are to be graded only after investigation and/or experience, and not on the basis of the customer's unsupported statement. Each file should contain the necessary credit information to support the grading.

Where credit is extended without investigation based on endorser, collateral or recourson a strong dealer, no grading can be made. In this case, merely draw an X through the grading space on the discount sheet to indicate that it does not apply.

GOOD (1) Any customer that is better than average from the standpoint of amount of income, stability of income and manner of paying bills. A good risk should be able to meet any normal emergency and still be able to repay us.

FAIR (2) The average customer that we can reasonably expect to pay promptly, barring unforseen emergencies. Income should be adequate for present needs; source of income should be reasonably secure and past bills paid satisfactorily.

POOR (3) The below average customer that we might reasonably expect to have payment difficulties. Income inadequate, frequent changing of jobs or poor paying record.

BAD (4) Any risk that is an almost certain collection case, repossession or loss.

These definitions do not necessar ly agree with any one individual's common usage of the terms good, fair, etc. Please study the definitions carefully so that for purposes of grading, the terms will be used uniformly.



BULLETIN

SECTION

LENDING, GENERAL

SUBJECT

LANDLORD'S AGREEMENT

TOPIC

Page 1 of 2

Date 11-22-54

NEW SUBJECT

We are occasionally called on to finance equipment which is being installed in leased or rented property where the equipment becomes attached to the realty. Where this is the case, it is desirable to have a waiver from the landlord. The Landlord's Agreement (19-839), reproduced on page 2, is designed to serve this purpose and has been approved by our attorneys.

Our attorneys have this to say:

"The instrument is so close to the grant of an easement that it would be worth the record thereof so that its record would constitute constructive knowledge to third persons, there being a probability that it would be held to be a conveyance or grant of an interest in real property. A title search would disclose it and any title lawyer would require the purchaser to get a satisfactory release from the creditor or his assignee."

Whether you record the instrument will be a matter of credit judgment depending upon the strength of your purchaser and the size of the transaction involved.

Where this instrument is to be taken in conjunction with a Conditional Sales Contract which is assigned to us, the Landlord's Agreement should run to the seller of the equipment (creditor) and be assigned to us in the space provided. Where you are making a direct loan, the bank will, of course, be the creditor and the transfer will not be used.

Order your requirements from the Purchasing Department, Atlanta, in the usual manner, keeping in mind that the need for these agreements will not arise too often.

OPERATING BULLETIN

SECTION

LENDING GENERAL

Page 2 of 2

SUBJECT

LANDLORD'S AGREEMENT

TOPIC

Date 11-22-54

LANDLO	ORD'S AGREEMENT
Undersigned is the owner of premises located at	Utrest Address
	, Georgia (hereafter called "Premues") which
(Cltr)	(County)
andersignes lesses or rents to	(hereafter called "Tenant").
Tenant has installed, attached or affixed to Premise property (hereafter called "Property"):	es or proposes to install, attach or affix thereto the following described
some dear or me wheement (percenter cross _permit	
In consideration of the premises and Secured Party's expressly consents to the aforedescribed security interest grees that Property is and shall be and remain person (2) undersigned waives an, subordinates any and all liens, operation of law or otherwise, to the security title are expressly authorized and privileged at any time, and wit spon Premises and remove Property therefrom, whether the realty or causes injury or sinanger thereto; and the representatives, successors and assigns of undersigned as	reliance upon the described accurity interest, it is agreed: (1) Undersigned it, disclaims any interest in Property as a fixture of and to Premises and all property whether or not physically attached or affixed to the Premises; claims or rights undersigned may have to Property by virtue of contract, and security interest of Secured Party in Property; (3) Secured Party in thout liability to undersigned for the cost of repairs or otherwise, to enter or not such removal requires a physical detachment of the Property from this agreement shall be binding upon and inure to the benefit of the heirs, and Secured Party.
WITNESS the hand and seal of undersigned this	day of
	(SEAL)
	(OEAD)
Signed, scaled and delivered in the presence of:	
Makey Public	
TRANSFER OF I	LANDLORD'S AGREEMENT
STATE OF GEORGIA	
COUNTY OF	
FOR VALUE RECEIVED, the rights, privileges, es	assements and grants with respect to the personal property and in and to
the real property described in the within and foregoing	"Landlord's Agreement" dated are hereby
transferred and assigned unto THE CITIZENS AND	SOUTHERN
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BULLETIN

SECTION

LENDING GENERAL

SUBJECT

PERFECTING SECURITY INTERESTS

TOPIC

PROCEDURE AND DOCUMENTARY FEES

Page

1 of 8 Date 9/15/70

Replaces Pages 1 and 2 only of:

LENDING GENERAL - PERFECTING SECURITY INTERESTS -PROCEDURE AND DOCUMENTARY FEES - Dated 8/29/69

The bank takes a security interest in collateral for the purpose of reducing loss exposure. Protection depends not only on the resale value of the collateral but also on our right to obtain and liquidate the collateral in event of default. (We no longer carry "Non Filing" insurance for protection in cases of error or omission, so be sure that recording requirements are carefully followed). Use of our standard notes and security agreement will give us adequate rights as between ourselves and our customer; however, the rights of other interested parties must also be considered.

Filing of a financing statement or other required action to perfect the security interest in each collateral transaction would be both unnecessary and exceedingly expensive. After considering the probable and possible exposure, the cost of filing a financing statement and the expense of followup, the following general practices are recommended. Sound judgment must be exercised since there will at times be extenuating circumstances which will dictate exceptions. Where judgment dictates, exceptions should be made to gain reasonable protection for ourselves and our deslers.

On all Sales Finance transactions where the dealer files the financing statement or files for title, do not charge a documentary fee. If the dealer wishes, he may collect the fee and charge it to the customer as long as he discloses it according to Regulation Z.

COLLECTING AND PAYING DOCUMENTARY FEES

Documentary Tees should be charged only for the actual cash outlay required to perfect and release our security interest in the collateral pledged. On the note form, in the block designated "Other Charges - (Specify)", type in "Filing Fee", "Record Search", etc., as appropriate, and enter the amount (s). The sum of "Amount of Loan" plus "Other Charges - (Specify)" (1+4) is the amount that should be applied to the rate chart. Page 2 shows an example of fees on a Revision Agreement.

(On Sales Finance contracts, this will be "Unpaid Balance of Cash Price" plus "Physical Damage Insurance" plus "Official Fees" plus "Other charges. Handling in this manner eliminates the need for deducting from the "advance to the dealer".)

Pay applicable documentary fees at time of discounting, by cashier's check. Since the fee charged to the customer includes both the recording fee and the release fee, there should be a very small amount left over - which is the release fee. This should be credited to the General Ledger account MISCELLANEOUS EXPENSE - GENERAL (basic no. 978-00-000).

When the loan is paid out, send a cashier's check for the release fee to the recording office. (See Page 7 - "Release of Filing".) Debit the General Ledger account MISCELLANEOUS EXPENSE - GENERAL (basic no. 978-00-000). Cities with central bill-paying-such as Atlanta - should process this through their central system rather than debiting directly to the General Ledger account.



BULLETIN

SECTION LENDING GENERAL

SUBJECT PERFECTING SECURITY INTERESTS

TOPIC PROCEDURE AND DOCUMENTARY FEES

Page 2 of 8 Date 9/15/70

Replaces Pages 1 and 2 only of: LENDING GENERAL - PERFECTING SECURITY INTERESTS -PROCEDURE AND DOCUMENTARY FEES - Dated 8/29/69

Documentary fees needed at other times - such as to record in other states (when a customer has moved) - should be paid in the same manner. Pay by cashier's check and debit MISCELLANEOUS EXPENSE-GENERAL, or process through your central bill-paying system for the proper entries to be made.

he order to occure the perment of all manies becoming one beroes and all other obligations of the barrower, income creations, around a creation or violenced, whether direct or indirect, obscience or continuent, now or hancefor on the care of the face of the continuent, one or hancefor or indirect, or the face of the face of the continuent, or the face of the continuent, or the face of the continuent, or the face of the continuent of the face of t	coting, or due or to become
rity Interest or Lies Holder: Property:	1. Amount of Louis
Gend. Sis. ContrGMC, Atlanta '67 Chevrolet Seden, Inpels,	11,407.00
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Cond.Sis.ContrCLS Seles Finance BCA Color TV, Sec. #846922	3. Credit Disability in 3 0 4 Other Charges (Seecify) 74 ing 27 and 3,50
None 18' Bardicroft Aluminus Boot 7 Titl	· Feet : 1.00
Rone 15 R.P. Mercury Outbd.Notor #148216 GR Washer, Ser. V22518810	1 1,436.19 6 FINANCE CHARGE 215.61
Borrower agrees to all of the terms and condi- tion of the state of th	7. Total of Payments (5 - 6)
installments of \$55.06 such and one (balloon payment) of \$	tal
th this bean. I require g decline Credit 9-11-19 8-14-69 Date of Berts Date	Signature
	pt of a completed copy hereo



BULLETIN

SECTION

LENDING GENERAL

SUBJECT

PERFECTING SECURITY INTERESTS

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8/29/69 Date

Replaces Bulletin: LENDING GENERAL - PERFECTING SECURITY INTERESTS -PROCEDURE AND DOCUMENTARY FEES - Dated 9-1-67

In all dealer-originated transactions in which the \$3.50 filing fee is added the dealer must complete a financing statement, sign it hirself, have the buyer sign, and show our bank as assignee; send it to us along with the conditional sales contract.

BANK-HELD COLLATERAL (i.e., Stock Certificates, Assignments of Savings Accounts, CVLI):

Our security interest will be perfected because of "possession" and filing a financing statement is not needed.

(a) Do not charge a documentary fee.

(b) Do not file a financing statement.

2. VEHICLES REQUIRED TO BE LICENSED (i.e., Automobiles, Trucks, Mobile Homes, Trailers): A financing statement is not needed since perfection of a security interest in this type collateral is governed by the Georgia Motor Vehicle Title Act. On all .. models,

(a) Collact a \$1.00 documentary fee.

(b) Have bank's name and your bank's exact street address shown as first security interest holder on the certificate of title.

APPLIANCE AND HOME FURNISHINGS THAT ARE CONSUMER GOODS WITH THE EXCEPTION OF FIXTURES

(1) If a purchase money security interest can be substantiated, filing is not necessary to perfect. Filing of a financing statement would give one additional protection; it would protect against an individual who buys for his own personal or family use. However because of the usually small amount and minimum risk, a financing statement should not normally be filed.

(a) Do not charge a documentary fee.

(b) Do not file a financing statement. (2) If ours is not a purchase money security interest, then it will be necessary to file a financing statement in order to perfect. Although in many cases the dollar amount of the transaction may be small, the credits will generally be marginal.

(a) Charge a documentary fee of \$3.50.

(b) File a financing statement.



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8/29/69

Replaces Bulletin: LENDING GENERAL - PERFECTING SECURITY INTERESTS -PROCEDURE AND INCOMENTARY FEES - Dated 9-1-67

BOATS AND MOTORS WHICH ARE CONSUMER GOODS:

- If a purchase money security interest can be substantiated, it is not necessary to file a financing statement to have a perfected security interest. However, filing of a financing statement would give one additional protection; it would protect against an individual who buys for his own personal or family use. However the loss exposure from this source is minimal.
 - (a) Do not charge a documentary fee.
 - (b) Do not file a financing statement.

Exceptions should be made on questionable transactions and on all transactions of \$3,000 or more. File a financing statement on these to gain the additional protection, and charge a \$3.50 documentary fee.

- If we do not have a purchase money security interest, it is necessary to file a financing statement in order to have a perfected interest.
 - (a) Charge a \$3.50 documentary fee.
 - (b) File a financing statement.
- FARM EQUIPMENT FOR FARM USE (Other than vehicles required to be licensed and fixtures):
 - If the selling price is \$2,500 or less and a purchase money security interest can be substantiated, the security interest is perfected without filing a financing statement. Fixing of a financing statement would give one additional protection; it would protect against an individual who buys for his own personal use or farming operation. Again the loss exposure from this is small.
 - (a) Do not collect a documentary fee,
 - (b) Do not file a financing statement. Contracts on chain saws are discounted under a full recourse agreement for several of our better farm dealers. Chain saws may or may not be "farm equipment", but, in any case, this is high risk business. The dealer should understand that we will not file to perfect and that we will not assume any risk of loss of the collateral to another interested party.
 - (2) If ours is not a purchase money security interest or if the selling price exceeds \$2,500, it is necessary to file a financing statement to have a perfected security interest. The risk factor warrants filing in every case.
 - (a) Collect a \$3.50 documentary fee.
 - (b) File a financing statement.



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PROCEDURE AND DOCUMENTARY FEES

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Date 8-1-70

Replaces Pages 5 and 6 only of: LENDING GENERAL - PERFECTING SECURITY INTERESTS PROCEDURE AND DOCUMENTARY FEES - Dated 8-29-69.

6. EQUIPMENT - FARM PRODUCTS - FIXTURES - INVENTORY

It is always necessary to file a financing statement in order to have a perfected security interest in each of these types of collateral. Procedure is:

(a) File a financing statement whenever the transaction exceeds \$500 or the risk is greater than normal.

(b) In such cases, charge a \$3.50 documentary fee.

EXCEPTIONS TO #6

- (1) <u>Domestic Dealers</u> (appliance, furniture and boats and motors):

 If the dealer's sales are predominantly for home or personal
 use with only an occasional sale being made to someone that
 will use the merchandise for business purposes or when the
 merchandise will become a fixture; we may waive the documentary fee. However, the remaining steps should be followed
 as outlined.
- (2) "Small Equipment" Dealers (retail sales average under \$500): This class of business is normally handled on a full recourse basis and if the dealer's financial condition warrants, we may waive the requirements in paragraph 6. When done, we will not assume the risk and the dealer must understand his exposure. Provide the dealer with necessary forms so that he may file if he deems it advisable.
- (3) "Heavy Equipment" Dealers:
 On rare occasions, where the dealer's financial condition
 warrants, a dealer may be permitted to file the financing
 statement himself. This is no different from past procedures
 where an occasional dealer was permitted to handle his own
 recordings. When this is permitted, have the dealer show
 the bank as assignee on the financing statement, and maintain
 a follow-up to receive a copy of the financing statement
 acknowledged by the clerk of court.

7. PROPERTY IMPROVEMENT TRANSACTIONS

Whether to record is a matter of credit judgment on each trensaction: However, the instrument should be recorded if:

- (1) The total note exceeds \$1500.00.
- (2) There is reason to believe that the property might be sold during the term of the losn, i.e., customer might be subject to trensfer.

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(3) Collection problems and deterioration of credit are encountered. If the note is to be recorded the smount of the documentary fee will depend on where the note is recorded.

(a) If filed as a financing statement, to cover fixtures.

collect a \$3.50 documentary fee.

If filed in the Real Estate records, the fee is \$2.00. Where a Deed to Secure Debt is involved, the fee is \$2.00 per page. (Georgia law standardized these fees effective July 1, 1970).

COMBINATIONS OF VARIOUS TYPES OF COLLATERAL (i.e., an auto and home furnishings):

In certain multiple collateral transactions, it may be necessary to record in more than one place. In these instances collect a documentary fee sufficient to cover the costs of both recordings and releases.

PRIOR LIENS

Some of our loans involve paying off balances with other banks, finance or loan companies. Where we are paying off a secured party on goods (other than vehicles covered by the Title Act) and taking the goods as collateral, we must determine if a financing statement covering the goods has been filed by the secured party. Where this is the case, we should request the secured party to assign his security interest to us. This is accomplished by having the secured party complete the assignment portion of a Uniform Commercial Code-Form 2. When properly filed with the Clerk of Superior Court, the assignment will continue the original filing, showing the bank as the secured party of record, and will afford us the same rights and privileges as those held by the original secured party. Be especially careful to note the maturity date (if any) shown in the assignment and when necessary, file a continuation statement as outlined above under "FILING TO PERFECT".

OUT-OF-STATE MOVES

Upon learning of a customer's new out-of-state address, it will be necessary in many instances to take immediate action to perfect our security interest. Requirements vary by state as to place of filing and type of filing. System Consumer Credit can furnish precise information on this when needed.

E- 1394



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Date 8-1-70

Replaces Page 7 of Bulletin:

LENDING GENERAL - PERFECTING SECURITY INTERESTS PROCEDURE AND DOCUMENTARY FEES - Dated 8/29/69

RELEASE OF FILING

1. Financing Statement:

The second copy is used to release the filing. Called a Termination Statement, it only requires your signature and \$1.00. Send it to the County Clerk to release the filing. (Filing costs \$2.50; termination costs \$1.00.)

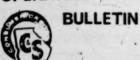
2. Cancellation of Recording of Deeds:

Sign and date the section of the deed that attests to the fact that our interest has been satisifed. Forward the deed and a \$.25 cancellation fee to the County Clerk. The clerk will cancel the recording and return the deed to us. The deed should then be forwarded to the customer. (This is an excellent opportunity to develop future business.)

THE FINANCING STATE OFF

The form itself is a four-part snap-out carbon. It is a numbered stock form (19-891). Each copy bears a number and distribution information. Shown on page 8 is an example.

N



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Date

8-1-70

Replaces Bulletin: LENDING GENERAL - PERFECTING SECURITY INTERESTS - PROCEDURE AND DOCUMENTARY FEES - Dated 8-29-69.

ShaTELCTIONS 1 PLEASE TYPE, this form. Ends only along perform § Remore Secroted Party and Delicer cropps and cond fit 5 if the oper phrainful for any semice on the form a than one roup of party definitions before cond to acreel, individually after many semice on the acreel, individually, are, may be on any one paper th 8 them a crop of the macrier acreement or cond as a	ms 2 years with manifested control bases to the billing of a manifested for imprise should for contingent on abbitious manifest for the billing officer with a risk of two review of an impression for the control party. The control is the manifested of the control party of the control that are a seasonal, it is required that in the control party of armind copy in an air following most AS a lossy time, (or in the in \$1.00 for Termination Statement.)	there Surface thing fee of \$2.00 to these perfectly a a " or a" o 10" to the macrosal of a a " or a" o 10" to the macrosal electronics. Long privatelys of entitle by a completed but unwarded on of those forms, rural party may feel and our Transmission Legand
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Assignee of Secured Party (if any):	1	(
(Pame and address) 4 This Searcing assumes		
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Dr. L. Will Piert 1, Dr. J. Hill Said 1 Print Other Carr		Southern National Bank Herne
T.		
TERRITATION STATEMENT: The Statement of Termin The Secured Party continue that the Secured Party so has	nation of Financing is presented to a Filing Officer for other thomas a security total middle the financing pages	Along pursuant to the Uniform Commercial Cude
Date		1
2 Pling Officer Copy - Acknowledgement	- Filing officer is requested to note file nomb return it to the person Sling, as an acknowledge.	or data and house of filling in this same .
3 File Copy—Senared Party(ion)		The American
Al Pile Com- Balance		



BULLETIN

SECTION LENDING GENERAL

SUBJECT POWER OF ATTORNEY

TOPIC TITLES

Page 1 of 2

Date 10-11-67

NEW CULLETIN

On the reverse side is illustrated a Power of Attorney form, T-8, which has been approved by the Georgia Title Bureau. This form can be used when needed to expedite or make more convenient the application for, or transfer of, a title certificate by enabling us to sign the customer's name on the necessary papers.

Example: We are financing a car for our customer who is buying the car from an individual who has it financed with G.M.A.C. After we remit our check to G.M.A.C., they, in turn, would mail us the title certificate with a satisfaction of their lien. It would have to be signed on the reverse side by the seller in order to transfer title to our customer before application for a new title certificate could be made in his name.

PROCEDURE

Future automobile loans involving transfer of ownership between individuals, with title being held by a creditor, should be handled in this manner:

- 1. Have our customer sign a completed MV-1 form.
- 2. Have seller sign T-8 form.
- 3. Mail check to creditor, requesting Title Certificate.
- 4. Upon receipt of Title Certificate, sign the seller's name,
 - followed by (POA).
- Forward the properly completed MV-1, Title Certificate, and copy of T-8 to: Motor Vehicle Unit

109 State Office Building Atlants, Georgis 30334

ORDERING FORMS

The T-8 forms are <u>not</u> supplied by the Title Bureau. An initial supply will be sent to each location by System Consumer Credit. Use is not expected to be heavy enough to warrant making this a regular stockroom item.

Sales Finance offices may wish to mention this to their dealers who may not be using this method, and supply them with the forms.

OPERATING BULLETIN

SECTION LENDING GENERAL

Poge 2 of 2

SUBJECT POWER OF ATTORNEY

TOPIC TITLES

Date 10-11-67

	by Georgia Title	*	Date
515	POWER O	F ATTORNEY	
I hereby appoint	(Name)		
OF (Address)			
of Title to. (and	n-fact to apply for	r Certificate or du to: the Motor Vehi	plicate Certificat cle described as:
			4
		- t	*
Make	Year Model	Body Style	Model Number
(Serial Numbered for said purp	D.# Licenser)	e Number Name and do all th	
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Notary Public or Justice of Peace



BULLETIN

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PROPERTY VERIFICATION

Page

1 of 2

Replaces Bulletin: LENDING GENERAL - PROPERTY VERIFICATION - LEGAL MESSENGER

Dated 12-10-68 SERVICE

Many times a need arises for property verification that is neither as expensive or exhaustive as the title search, etc., required on a conforming real estate loan. Arrangements have been made with a firm, Legal Messenger Service, Atlanta, telephone 873-5753 collect, that can give us property checking service in approximately 90 Georgia counties. In addition to a listing of the unsatisfied encumbrances of record, there are other items reported which will be of some help:

- 1. A verification of the exact name in which the property is titled.
- 2. Since county assessments are, by law, based upon 40% of the market value of the property, some idea of property value can be gained from this information.
- 3. A record of the various unsatisfied liens of record can provide additional points to be considered in the overail credit.
- 4. Should you desire to take a security deed, a recordable legal description is provided on each report form,
- 5. Errors and omissions by this firm, Legal Messenger Service, are insured by Lloyd's of London.

Service in these specifically named counties can normally be expected within 4 to 8 working hours, at a charge of \$15:

Bibb, Chatham, DeKalb, Dougherty, Fulton, Muscogee, Richmond, and Whitfield.

Service is available in about 80 other counties at \$20 and \$25, and will take somewhat longer than for those listed above. Also, if no record of ownership is found in the name of the applicant, no charge will be made.

INTERVIEW INFORMATION

It is important to secure from the customer, during the initial interview, certain specific information:

- 1. Exact name in which the property is titled.
- 2. Specific county where recorded.
- The year the property was purchased.
- 4. Any mortgages the Bank is aware of.



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Date 7-1-69

Replaces Bulletin:

LENDING GENERAL - PROPERTY VERIFICATION - LEGAL MESSENGER

SERVICE Date: 12-10-68

It can be helpful also to state the purpose of the report - Legal Messenger Service may be able to give better information if they know this. Contact may be made via collect telephone call to Atlanta, Rill-1. Segal, 873-5753, area code 404.

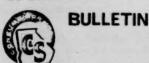
REGULATION Z

Mis. Grant Pag

32

The cost of the property verification should be handled just as documentary fees - by adding them into the principal balance so the customer will bear the cost. This fee must be shown and identified in the "Other Charges" portion of the note in order to comply with Regulation "Z".

In many of these transactions, the customer will have the right to rescind the transaction by making a written statement within 3 working days of the date of transaction or date of disclosure, whichever is later. (See LENDING GENERAL - REAL ESTATE - RIGHT TO RESCIND).



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RIGHT TO RESCIND

Page

1 of 6

Date 3-11-70

Replaces pages X and 2 ONLY of Bulletin dated 7-1-69.

When we (or Sales Finance dealers) take a first or second mortgage on a customer's residence as collateral on a loan or credit sale (not a <u>purchase</u> of a home), the customer has the right to rescind the transaction during a few days "cooling-off" period. All lending personnel must be completely familiar with this portion of Regulation Z to avoid both violation of the regulation and exposure to possible loss.

GENERAL RULE

In case of any credit transaction in which a <u>security interest</u> or lien interest is or will be retained or acquired in any real property which is used or is expected to be used as the customer's home, the customer shall have the right to rescind that transaction. (See Exceptions To General Rule - next paragraph). This right lasts until midnight of the third business day following the date of consummation of that transaction or the date of delivery of all disclosures required under Regulation Z, whichever is later. (A business day is any calendar day except Sunday, or the following business holidays: New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Veteran's Day, Thankagiving, and Christmas).

The customer rescinds by notifying the creditor by mail, telegram, or other writing of his intention to do so. Notification by mail shall be considered given at the time mailed; notification by telegram shall be considered given at the time filed for transmission; and notification by other writing shall be considered given at the time delivered to the creditor's designated place of business.

NOTE: Creditor, for purposes of this bulletin, means bank or Sales Finance dealer.

EXCEPTIONS TO GENERAL RULE

This section does not apply to:

- 1. Purchase money first mortgages on customer's residence.
- Construction loans that will be replaced by permanent financing as in (1) above.
- Advances for agricultural purposes made under an open end real estate mortgage or similar lien, provided:
 - a. The maturity of the advance does not exceed 2 years;
 - No increase is made in the annual percentage rate previously disclosed; and
 - c. All required disclosures were made at the time the security interest was acquired by the creditor or at any time prior to the first advance made on or following July 1, 1969.

(The Right to Lescind need be given only once on open-end agricultural loans. The Right to Rescind must be given on any new advances made on agricultural loans that comply with (a), (b), and (c) above, after July 1, 1969).

 Liens such as in (1), (2), and (3) on page 1 that are later placed in second mortgage position (subordination).



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SECTION LENDING GENERAL

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Page 2 of 6 Date 9-10-70

Replaces pages 1 and 2 ONLY of Bulletin dated 7-1-69.

5. A refinancing of one of our own accounts, when the amount of such new transaction does not exceed the balance due at the time.

Ordinarily, however, there will be some increase in the total balance due. When this occurs, the customer must be given the Right to Rescind only the difference between the present balance and the new balance.

NOTICE OF RIGHT TO RESCIND

Mhenever a customer has the right to reacind a transaction, the creditor shall give notice of that fact to the customer by furnishing the customer with two copies of the Notice of Right to Rescind, one of which may be used by the customer to cancel the transaction. Before furnishing copies of the notice to the customer, the creditor shall complete both copies with (1) description of the transaction, (2) name of creditor, (3) address of creditor's place of business, (4) date of the transaction, and (5) the date (not earlier than the third business day following the date of the transaction) by which customer may give notice of esncellation.

Form 1405, Right to Rescind, has been developed to use when required. It is a 3-part snap-out carbon form. All three copies have the same wording, front and back, required by law. In addition, the first copy (original, which goes to customer's file) has space and wording at the bottom to secure the customer's signature to attest that he has received two copies of the Right to Rescind forms from you. Example "A" shows the front-page wording, and example "B" shows the reverse-side wording required.

WAIVER OF RIGHT OF RESCISSION

A customer may modify or waive his right to rescind provided:

1. The extension of credit is needed in order to meet a bons fide immediate

personal financial emergency of the customer; AND
The customer has determined that a delay of 3 business days in performance of the creditor's obligation under the transaction will jeopardize the welfare, health or safety of natural persons or endanger property which the customer owns or for which he is responsible; AND

The customer furnishes the creditor with a separate dated and signed personal statement describing the situation requiring immediate remedy and modifying or waiving his right of rescission. THE USE OF PRINTED FORMS

FOR THIS PURPOSE IS PROHIBITED.

DELAY OF PERFORMANCE

Except as provided under "Waiver of Right of Rescission", the creditor shall not perform, or cause or permit the performance of, any of the following actions until arter the rescission period has expired and he has reasonably satisfied himself that the customer has not exercised his right of rescission:



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RIGHT TO RESCIND

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3-11-70

Replaces Bulletin: LENDING CENERAL - REAL ESTATE - RIGHT TO RESCIND - Dated 7-1-59

Right to Rescind Property Improvement Note \$3900.00

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CHAMPLE "A"

Notice To Customer Required By Federal Law:

You have entered into a transaction on 7/1/69 which may recult in a lien, mortgage, or other accurity interest on your home. You have a legal right under federal law to
cancel this transaction, if you desire to do so, without any penalty or obligation within three
business days from the above date or any later date on which all material disclosures reaction and lien, mortage, or other occurity interest on your home arising from this transaction is automatically void. You are also entitled to receive a refund of any down payment or other consideration if you cancel. If you decide to cancel this transaction, you may
do so by notifying:

Congress Home Improvement Company

Name of Creditor

Address of Creditor's Place of Studiess by mail or telegram sent not later than midnight of 7/5/62. You may also use may other form of written notice identifying the transaction if it is delivered to the above address not later than that time. This notice may be used for that purpose by dating and signing below.

"I hereby cancel this trassaction

Contomer's Signature

erchy acknowledges receipt of two copies of the foregoing notice of required by Federal Law.

Signature

m reverse side for important information about your Right of Rescissi

EXACTLE "E"

EFFECT OF RESCISSION. When a customer exercises his right to rescind under paragraph (a) of this section, he is not liable for any finance or other charge, and any security interest becomes void upon such a rescission. Within 10 days after receipt of a motice of freezission, the creditor shall return to the customer any money or property given as earnest money, downpayment, or otherwise, and shall rake any action under the transaction. If the creditor has delivered any property to the customer the customer may retain pobasealon of it. Upon the performance of the sreditor's obligations under this section, the customer shall tender the property to the creditorshall receive the customer shall tender the property of the creditorship, the customer shall tender that I reasonable value. Tender shall be under at the location of the property or at the residence of the customer, at the option of the existence that the days after tender by the customer, unwership of the property vents in the customer within 10 days after tender by the customer, unwership of the property vents in the customer with-our obligation on his part to pay for it.



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RIGHT TO RESCIND

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Date. 3-11-70

Replaces Bulletin: LENDING GENERAL - REAL ESTATE - RIGHT TO RESCIND - Dated 7-1-69

Disburse any money other than in escrow;
 Make any physical changes in the property of the customer;
 Perform any work or service for the customer;

Perform any work or service for the customer; or

4. Make any deliveries to the residence of the customer if the creditor has retained or will acquire a security interest other than one arising by operation of law.

EFFECT OF RESCISSION

When a customer rescinds, he is not liable for any finance or other charge, and any security interest becomes void. Within 10 days after receipt of a notice of rescission, the creditor shall return to the customer any money or property given as earnest money, downpayment, or otherwise, and shall take any action necessary or appropriate to reflect the termination of any security interest created under the transaction. If the creditor has delivered any property to the customer, the customer may retain possession of it. Upon the performance of the creditor's obligations, the customer shall tender the property to the creditor, except that if return of the property in kind would be impracticable or inequitable, the customer shall tender its reasonable value. Tender shall be made at the location of the property or at the residence of the customer, at the option of the customer. If the creditor does not take possession of the property within 10 days after tender by the customer, ownership of the property vests in the customer without obligation on his part to pay for it. It is vitally important that our Sales Finance Property Improvement dealers understand this.

JOINT OWNERSHIP

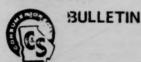
Where two or more owners are involved:

- 1. Each owner who is a party to the transaction must be given two completed copies of the Right to Rescind form.
- 2. Any one may rescind; and the effects apply to all.
- 3. A waiver must be signed by all owners who are parties to the note.

OVER-THE COUNTER LOANS

To comply with the disclosure provisions of Regulation 2 and conform to the regulation with respect to rescindable transactions, specific steps must be taken in documentation and disbursement.

Where we take a first or second lien on real estate as secondary collateral to a co. sumer loan (generally in amounts of \$10,000 or less), the following procedures should be followed. The handling of other real estate loans will be governed by instructions from our Real Estate Department.



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RIGHT TO RESCIND

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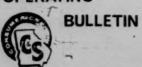
Date 3-11-70

Replaces Bulletin: LENDING GENERAL - REAL ESTATE - RIGHT TO RESCIND - Dated 7-1-63

- A. At the time of approval of a reacindable transaction:
 - Prepare all applicable loan forms and obtain customer's signature where required. Give him a copy containing the disclosure information.
 - Complete Notice of Right to Rescind, give two copies to your customer, obtain his signature, acknowledging receipt of the forms on the original which should be retained with the other loan forms.
- B. Wait until the rescission period has expired before disbursing funds. After the rescission date, Regulation Z requires that you reasonably satisfy yourself that your customer has not rescinded the transaction. Then make a note in the customer's file showing the date, how you determined fact of non-rescission, and sign it. Example "C" may be used where customer's signature is desired.
- C. Disburse funds and complete handling of the transaction.

003	Borrower Name and Address
6	Date
	Total of Payments \$
CERTIFICATION S	THAT RIGHT OF RESCISSION HAS NOT BEEN PARACISED
Undersigned certifies above date and Total	that: (a) Notice of Right to Rescind transaction of of Payments has been received, in duplicate, and (b)
Undersigned certifies	that: (a) Motice of Right to Rescind transaction of Payments has been received, in duplicate, and (b) on exercised.

Keep in mind that if the transaction is rescinded, you cannot collect the cost of appraisal or title check from your customer. If you feel there is a probability that your customer will rescind, steps A and B can be taken subject to appraisal and title check, which will then be made after the walting period. This is a judgment decision, taking into consideration that unwarranted delays are contrary to our concept of good customer service.



SECTION LENDING GENERAL

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Page 6 of 6 Date 3-11-70

Replaces Bulletin: LENDING GENERAL - REAL ESTATE - RIGHT TO RESCIND - Dated 7-1-69

SALES FINANCE

Dealers transacting business in which the Right to Rescind is involved must follow essentially the same steps as shown on page 5 under Over-The-Counter Loans before making delivery or commencing work for the customer.

Normally, a dealer will obtain a sales agreement as the first step and at this point will execute the Notice of Right to Rescind. Sales agreements used by dealers must be reviewed and approved by us as conforming to Regulation Z in all respects and a copy of the sales agreement must accompany the loan documents. In addition, we also require a signed copy of (1) the Notice of Right to Rescind and (2) the Certification That Right of Rescission Has Not Been Exercised.

The penalties resulting from failure to give a customer the right to rescind are so severe that a legitimate dealer would be foolhardy to willfully ignore this provision of Regulation 2. Unfortunately it is difficult to legislate "fly by night" dealers or unscrupulous salesmen out of existence. This act makes it increasingly important that we keep constantly aware of the sales methods of our dealers and that we verify individual transactions as stipulated on Approval of Dealer Lines for classes of business and various dealers. Verifications for completion and workmanship should now also include a verification that the customer was notified of his right to rescind.

Where applicable the assignment on our note and contract forms has been revised to include a warranty that Regulation Z has been complied with.

SECURITY FOR PRIOR DEBT

If we demand additional security on an already existing debt, our agreement to defer payment of the existing debt constitutes "credit". If the customer then offers his personal residence, he must be given the right to rescind. This will not apply to the original debt - only to the remaining balance. COLLECTION PER-SONNEL NEED TO TAKE PARTICULAR NOTE OF THE FOREGOING.

ORDERING FORMS

Present stocks of 19-1405, Right to Rescind, can still be used. Order supplies in the usual manner from Purchasing Department.

RELATED BULLETINS

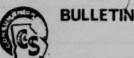
LENDING GENERAL - REGULATION Z - SUMMARY

LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION

OVER-THE-COUNTER - LOT FINANCING

OVER-THE-COUNTER - PROPERTY IMPROVEMENT .

OVER-THE-COUNTER - PROPERTY IMPROVEMENT - GEORGIA PLAN



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Date 10/31/69

NEW BULLETIN

In relation to consumer loans, both State and National banks are permitted to take real estate as secondary collateral without conforming to the regulations governing real estate loans. Usually the need for secondary collateral arises in transactions where the basic credit of the borrower is satisfactory, but where larger amounts or extended terms make it desirable to strengthen the loan against unforeseen contingencies.

The National and State banking regulations are clear in defining the circumstances under which real estate may be taken as secondary collateral. As a matter of policy, we want to be sure that primary reliance is not being placed on the real estate. Also, complete documentation and recording are mandatory, so that in event of default we can recover on the secondary collateral.

NATIONAL BANKS

The following definition from the Comptroller's Manual makes clear what constitutes a real estate loan, and also states what does not constitute a real estate loan.

"General Definition: A real estate loan within the meaning of 12 U.S.C. 371 (Par. 668) is any loan secured by real estate where the bank relies upon such real estate as the primary security for the loan. Where the bank, in its judgment relies substantially upon other factors, such as the general credit standing of the berrower, guaranties, or security other than real estate, the loan does not constitute a real estate loan within the meaning of 12 U.S.C. 371 (Par. 668), although as a matter of prudent banking practice it may also be secured by real estate."

HOME IMPROVEMENT LOANS

The governing quotation is from the Comptroller's Manual: "Home Improvement loans made in substantial reliance upon the credit standing of the borrower, insurance, collateral, or combinations of these factors, are not real estate loans, and additional security in the form of junior mortgages taken as a matter of prudent banking practice, need not meet the requirements of U.S.C. 371 (Par. 668)." (The requirements of U.S.C. 371 (Par. 668) pertain to conforming real estate loans).

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NEW BULLETIN

STATE BANKS

HOME IMPROVEMENT LOANS

State banking regulations governing real estate loans specifically exempt unsecured home improvement loans, and home improvement loans where second mortgages are taken: "Home improvement loans, whether insured or not, made in primary reliance upon the character and credit standing of the borrower, where such additional security in the form of a junior mortgage is taken as a matter of prudent banking practice, may be exempt from the limitations and restrictions imposed by this regulation."

OTHER LOANS

State banking regulations governing real estate loans specifically exempt loans that mature in 3 years or less and do not exceed \$3,500.

CREDIT REQUIREMENTS

The extent of investigation and the results of investigation must be sufficient and favorable enough to substantiate a conclusion on the part of any examiner that the real estate is indeed secondary collateral. In addition, the discount sheet should carry a short statement of the basis for the loan other than the lien on real estate.

PRE-EXISTING DEBT

Both National and State banking regulations exempt lien taken on real estate to secure pre-existing debt from the requirements covering res. estate loans. In work-out situations, equity in real estate should always be considered as possible security to strengthen any proposed revision of repayment terms and improve the chances of ultimate collection.

EVALUATION AND APPRAISAL OF COLLATERAL

Although banking regulations do not require a stipulated form of appraisal, it is essential that the lending officer satisfy himself as to the value and equity in real estate being taken as secondary collateral. Frequently an evaluation can be made based on general knowledge of the neighborhood plus verification of date of purchase, purchase price and amount of existing mortgage. The file should reflect this data. If a more complete appraisal is necessary, it may be made in proper form by the lending officer or outside agency.



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NEW BULLETIN

VERIFICATION OF OWNERSHIP AND TITLE

Generally, a property checking report made by Legal Messenger Service will be sufficient. See LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION. If there is any reason to doubt the ownership or validity of title, obtain an attorney's title opinion.

Any out-of-pocket appraisal costs, title checking costs and documentary fees should be collected from the customer. For method, see LENDING GENERAL - PERFECTING SECURITY INTERESTS - PROCEDURE AND DOCUMENTARY FEES.

SECURITY DEED

In addition to the note and whatever agreements are necessary on the basic transaction, the secondary real estate collateral will require the execution of a Security Deed (Form 32-1034). Record the deed in the county clerk's office of the county in which the property is located. Be sure that the recording is release when the loan is paid in full.

RIGHT TO RESCIND

If the loan is for personal, family, household, or agricultural purposes, and the second mortgage is on his home, the customer has the right to rescind. If so, we must use our Right to Rescind form (19-1405). See LEWDING GENERAL - REAL ESTATE - RIGHT TO RESCIND.

INSURANCE

Evidence of adequate insurance coverage must be obtained showing us as loss payee as "OUR INTERESTS MAY APPEAR".

CLASSIFICATION

Loans made with real estate taken as secondary collateral will be classified according to the nature of the loan - NOT as a Real Estate loan.

REATED BULLETINS

LENDING GENERAL - REAL ESTATE - RIGHT TO RESCIND

LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION

LENDING GENERAL - PERFECTING SECURITY INTERESTS - PROCEDURES & DOCUMENTARY FEES

GOG 9.27 - Loans - Real Estate Mortgage Foreclosures



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Page 1 of 6

Date 9-10-70

Replaces pages 1 and 2 ONLY of Bulletin dated 7-1-69

The Consumer Credit Protection Act was passed by Congress in May, 1968, to give more protection to the consumer. Title I of this Act is entitled "Consumer Credit Cost Disclosure" and may also be called the Truth-In-Leading Act. This title covers disclosure of credit terms, and the right to cancel or rescind certain transactions.

Congress empowered the Federal Reserve Board to draw up regulations to implement Title I of Act. Regulation Z was the result and will be the guiding source. The Federal Reserve Board will interpret the regulations as particular points are raised. Host of the provisions in this legislation will be covered here, however, some major points will be covered in other bulletins.

TIPES OF CREDIT COVERED

"All credit of \$25,000 or less, or if secured by real estate regardless of amount, which is primarily for personal, family, household, or agricultural purposes made to a person, if a finance charge is made or the transaction is payable in four or more payments".

Credit for business or commercial purposes, other than agricultural purposes, is not subject to Regulation Z.

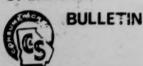
The Act covers a lot more than consumer transactions. For instance, all loans in CAS and Sales Finance, almost all installment loans, and a great many loans that we classify as time, term, real estate and demand loans are covered. When making a loan, we must now always determine the purpose of the loans, since this is the controlling factor as to whether the loan is regulated. Whenever there is any doubt as to whether a particular transaction is covered, go shead and make the required disclosures.

NOTE: The Federal Reserve Board has commented on one particular type of "mixed-purpose" credit, and has clarified the issue to some degree. "Credit extended to an owner of a dwelling containing more than 4 family housing units for the purpose of acquiring, financing, refinancing, improving, or maintaining that dwelling is an extension of credit for business or commercial purposes".

RECULATORY AUTHORITIES

Mine federal agencies will enforce the Act. In banking the three agencies below are responsible:

National Banks - Comptroller of Currency Nember Banks - Federal Reserve Board Non-Member Insured Banks - Board of FDIC



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Date 9-10-70

Replaces pages 1 and 2 ONLY of Bulletin dated 7-1-69.

FINANCE CHARGE DEFINITION

"The sum of all charges imposed directly or indirectly by the creditor as a condition to the extension of credit and payable directly or indirectly by the customer to the creditor or third party by the customer, seller, or anyone else on behalf of the customer".

We will still continue to use some old terminology such as interest, etc., but we will have to combine all charges imposed into one amount using the term "Finance Charge".

Certain charges are not part of the Finance Charge if itemized and disclosed They are:

Real Estate Transactions

- 1. Fees for title search, title insurance, and property surveys.
- 2. Pees for preparation of deeds, settlement statements, or other documents.
- Escrow amounts for taxes, insurance, etc., and
- 4. Fees for credit reports, appraisals and notarizing of documents.

Other Credit Transactions

- 1. Fees for perfecting, releasing or determining if a security' interest exists on property related to the transaction.
- Texes, license fees and title fees required by law.
- Credit life and disability insurance, if the insurance is not required by the creditor and the customer signs separately indicating his desire to purchase the insurance.
- 4. Property insurance if the customer is given the option of purchasing the insurance through any agent of his choice and
- Late charges or reinstatement charges if imposed for actual un-anticipated occurrences.

DEMAND LOANS

A one half year maturity will be used to compute the amount of Finance Charge and Total of Payments. Information to this effect will be printed on all time notes being revised.



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ANNUAL PERCENTAGE RATE

The purpose of quoting an annual percentage rate is to reduce all transactions to a single comparative term which will supposedly allow the customer to "shop" for credit just like any other item he may purchase. All credit transactions covered must carry this disclosure.

We will use various sources to determine what the actual percentage will be.

SPECIFIC INFORMATION TO BE DISCLOSED

The law requires many items of information to be disclosed. All of this information is incorporated in our notes and contracts and will not be covered here.

MULTIPLE CREDITORS

Where there is more than one creditor in a transaction all must be identified in the note or disclosure statement.

MULTIPLE CUSTOMERS

Other than requirements imposed on rescindable transactions (in which case disclosures must be made to all parties to the transaction), disclosures need only be made to one customer, but that customer must be a primary party, not an endorser or guarantor.

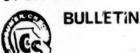
UNKNOWN INFORMATION ESTIMATE

If information that is required to be disclosed is not available at the time the loan is made, an estimate can be made and identified as such, as long as the actual disclosures are delivered when this information is determined.

Special procedures are being developed for our auto-draft loans (See OVER-THE-COUNTER - AUTOMOBILE LOANS - DRAFT PLAN).

EVIDENCE OF COMPLIANCE

We must keep evidence that we are complying with the Act for two years after all disclosures are made. An extra copy of the note is being provided for this purpose. (See: ACCOUNTING - RECORD RETENTION).



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NEW BULLETIN

CHARGE ACCOUNT SERVICE ACCOUNT NOTIFICATION

Certain information must be given to all new CAS customers before the 1st transaction and all CAS accounts during July 1969. (See CHARGE ACCOUNT SERVICE -CREDIT APPROVAL - NEW APPLICATIONS).

FINANCE CHARGE PAID SEPARATELY

Any Finance Charge paid separately, such as points or discounts on real estate losns, must be:

1. Deducted from the proceeds and

2. Added to the Finance Charge when computing the amount of Finance Charge and Annual Percentage Rate.

REQUIRED DEPOSIT BALANCE

If a balance in a specific amount or percentage is required to be kept with the creditor as a condition of the loan, this amount must be deducted from the "Amount Financed" when computing the "Annual Percentage Rate". Certain types of balances are exempt :

1. Escrow amounts for taxes, insurance, etc.

2. A deposit balance that will be wholly applied to the loan at maturity.

3. A deposit balance in existence prior to the date of the transac-

tion offered as collateral in the transaction.

4. A deposit balance created by the loan and offered as collateral for the loan, upon written request of the customer.

FIRST LIEN CONSTRUCTION LOANS

The amount of Finance Charge and Total of Payments need not be disclosed on real estate credit sales and real estate loans made to purchase real estate. Construction loans are considered purchase money real estate loans, regardless of whether the customer previously owned the land, and are exempt from these two disclosures.

ADD-ON CONTRACTS

Disclosures must be made at the time of the transaction unless previous collateral is released. We will disclose at the time of the add-on sale.



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NEW BULLETIN

ADVANCES UNDER LOAN COMMITMENTS

If all disclosures are made at the time of the loan commitment each advance under the commitment need not carry full disclosure.

REFINANCES, CONSOLIDATIONS OR INCREASES IN EXISTING ACCOUNTS

All loans of this type must be treated as original extensions of credit and all required disclosures made.

TRANSFER OF EQUITY OR LOAN ASSUMPTION

All required disclosures must be made to the new customer before he becomes obligated. Our Transfer of Equity form has been revised for this purpose.
(See LENDING GENERAL - TRANSFER OF EQUITY).

EXTENSIONS AND DEFERRALS

Certain information is required to be disclosed in connection with every extension or deferral. (See: COLLECTIONS - EXTENSIONS).

RIGHT TO RESCIND OR CANCEL

In instances where a security interest or lien interest may be retained or acquired in real property that is expected to be used as the customer's residence, the customer can cancel the transaction during a three day period. Notice of this right must be given to the customer and the creditor is prohibited from performing under the contract until this period has expired. The customer may waive this right under certain circumstances. Also certain transactions are exempt from this right. (See: LENDING GENERAL-REAL ESTATE - RIGHT TO RESCIND)

ADVERTISING OF CREDIT TERMS

We have never advertised rates and terms to any degree and this area will not affect us too much. However, every officer who handles any advertising material should be familiar with these provisions.

Regulation Z is quite specific in what cannot be advertised. Generally speaking, if any of the terms of a transaction are advertised then all must be advertised. Advertisement means any method or media used to aid or promote an extension of credit. No advertisement may state:

> 1. That a specific amount of credit or installment amount can be arranged unless the creditor usually and customarily arranges



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or will arrange credit amounts or installments for that period and in that amount; or

2. That no down payment or a specified down payment will be accepted unless the creditor usually and customarily accepts or will accept cown payments in that amount.

ADVERTISING OPEN END CREDIT

No advertisement may set forth any of the items required to be disclosed when opening a new account, or that no down payment, a specified down payment, or a specified periodic payment is required, or any of the following unless all the following items are set forth clearly and conspicuously in prescribed terminclogy:

An explanation of the time period during which any credit extended may be repaid without incurring a finance charge.

The method of determining the balance upon which a Finance Charge may be imposed.

The method of determining the Finance Charge, including any minimum or fixed charge that may be imposed.

Each periodic rate used to compute the Finance Charge, the range of balances to which each rate is applicable, and the corresponding Annual Percentage Rate.

The conditions under which other charges will be imposed and how they are determined.

The minimum periodic payment required.

ADVERTISING CREDIT OTHER THAN OPEN END

No advertisement shall state:

1. The rate of Finance Charge-inless it states the rate of charge

expressed as an Annual Percentage Rate.

2. The amount of down payment required or that no down payment is required, the amount of any installment, the dollar amount of any Finance Charge, the number of installments or period of repayment or that there is no charge for credit, unless it states all of the following in prescribed terminology:

(a) Cash price of amount of loan.

Amount of down payment or that none is required. (b)

(c) The number, amount and due dates of all payments or period of repayment if the credit is excended.

The Finance Charge expressed as an Annual Percentage Rate. Except in the case of a sale of a dwelling or a purchase

money loan to purchase a dwelling, the deferred payment price or the total of payments as applicable.



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RATE CHARTS

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12-31-71

Replaces Bulletin:

LENDING GENERAL - RETAIL RATES - RATE CHARTS

Dated 2-17-67

Due primarily to changes in our Credit Life Insurance and Disability Insurance Programs, our rate charts were revised in May, 1971. This bulletin reflects these changes. All charts not mentioned in this bulletin are obsolete, and must be destroyed immediately.

CODING

Each installment loan rate chart has a code in the lower left corner, which designates the basis on which the chart was calculated. These must be used in ordering charts. While the column headings on each chart identify the types of insurance coverages provided, the codes are important in assuring that the proper charts are used.

KEY TO CHART CODING

Insurance Coverages Provided, If Any. Charts for most rates are available (1) with no insurance, (2) with only Credit Life Insurance, and (3) with both Credit Life and Disability Insurance.

- C Life Insurance @ 92c per \$1,000 of outstanding balances per month
- D Disability Insurance @ .65% per annum
- E Property Insurance @ \$1.20 per \$1,000 of outstanding balances per month

(If no symbol is shown, no insurance coverages are provided)

The Rate On Which The Chart Is Computed

6 or 6.00 = 6.00%. 5.75 = 5.75%.

The Basis On Which The Rate Is Applied

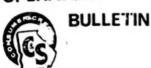
- A Indicates the chart was computed using the Add-on Method.
- S or SA Indicates the chart was computed using the Simple (Actuarial) Method.

The Payment Frequency Used In Calculating The Charts

- M Monthly Payments
- Q Quarterly Payments

Monthly payment charts without insurance do not have a payment frequency code.

OPFRATING



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Replaces Bulletin: LENDING GENERAL - RETAIL RATES - RATE CHARTS Dated 2-17-67

The Maximum Term, Or Range Of Terms, Shown On The Chart

36 - terms of 6, 12, 15, 18, 21, 24, 30, and 36 months

60 - on monthly payment charts, terms of 42, 48, 54, and 60 months

Q-60 - on quarterly payment charts, terms of 9, 12, 15, 18, 21, 24. 30, 36, 42, 48, 54, and 60 months

84 - on charts without insurance, terms of 66, 72, 78, and 84 months

84 - on charts with insurance, terms of 48, 60, 72, and 84 months

120 - terms of 90, 96, 108, and 120 months. (Not available with disability insurance)

324-M - 3, 6, 9, 12, 15, 18, 21, and 24 months, with a minimum finance

636-M - on appliance charts, terms of 6, 9, 12, 18, 24, 30, and 36 months. with a minumum finance charge

COLOR CODING

In addition to the coding and the column heading designations, charts are printed on different color stock according to the type insurance included:

Buff - no insurance

Elue - Credit Life Insurance Only

White - Both Credit Life and Disability Insurance

ANNUAL PERCENTAGE RATE (A.P.R.)

This is the Actuarial Rate equivalent to the rate used in calculating the rate chart. This rate must appear on all notes and contracts. On charts calculated by the Simple (Actuarial) Hethod, the A.P.R. is the same as the rate used in calculating the chart. On charts which include a minimum finance charge, the A.P.R. for each amount advanced is shown in the extreme right column under each term. For all other charts, the A.P.R. is shown at the bottom of each term in bold face type followed by a % sign.

CHART CALCULATIONS

The "charge" is computed at the base rate on the "unpaid balance" plus insurance premiums. The insurance premiums are computed on the note amount, or on the cumulative outstanding balances over the term of the note.

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REGULAR MONTHLY PAYMENT CHARTS

These are calculated on the add-on method. They are used for over-the-counter lending, as well as for sales finance. The maximum legal add-on rate for over-the-counter loans to individuals is 6%.

Base Rate	No Insurance	Life Insurance	Life & Disability Insurance
5.00%	5A36	C-5.00AM36	CD-5.00AM36
	5A60	C-5.00AH34	CD-5.00AM84
	5A84	C-5.00AM120	
	5A120		
5.25%	5.25A36	C-5.25AM36	CD-5.25AM36
	5.25A60	C-5.25AM84	CD-5.25AM84
	5.25A84	C-5.25AM120	
	5.25A120		
5.50%	5.5A36	C-5.50AM36	CD-5.50AM36
	5.5A60	C-5.50AM84	CD-5.50AM84
	5.5A84	C-5.50AM120	
-	5.5A120		
5.75%	5.75A36	C-5.75AM36	CD-5.75AM36
	5.75A60	C-5.75AM84	CD-5.75AM84
	5.75A84	C-5.75AN120	
- 1	5.75A120		
6.00%	6A36	C-6.00AM36	CD-6.00AM36
	6A60	C-6.00AM84	CD-6.00AM84
	6A84	C-6.00AM120	
	6A120		
6.25%	6.25A36	C-6.25AM36	CD-6.25AM36
	6.25A60	C-6.25AM84	CD-6.25AM84
	6.25A84	C-6.25AH120	
	6.25A120		
6.50%	6.5A36	C-6.50AM36	CD-6.50AH36
	6.5A60	C-6.50AM84	CD-6.50AM84
	6.5A84	C-6.50AH120	
	6.5A120		
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TOPIC RATE CHARTS

Date 12-31-71

Base Rate	No Insurance	Life Insurance	Life & Disability Insurance
6.75%	6.75A36	· C-6.75AM36	CD-6.75AM36
0.73%	6.75A60	C-6.75AM84	CD-6.75AM84
	6.75A84	C-6.75AM120	35 377 3333
	6.75A120		
7.00%	7A36	C-7.00AM36	CD-7.00AM36
,	7A60	C-7.00AM84	CD-7.00AM84
	7A84	C-7.00AH120	
	7A120		
7.25%	7.25A36	C-7.25AM36	CD-7.25AM36
,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	7.25A60	C-7.25AM84	CD-7.25AM84
	7.25484	C-7.25AM120	
	7.25A120		1
7.50%	7.5A36	C-7.50AN36	CD-7.50AM36
	7.5A60	C-7.50AH84	CD-7.50AH84
	7.5A84	C-7.50AM120	
	. 7.5A120	,	
7.75%	7.75A36	C-7.75AM36	CD-7.75AH36
	7.75A60	C-7.75AM84	CD-7.75AM84
	7.75A84	C-7.75AH120	
	7.75A120		•
8.00%	8A36	C-8.00AH36	CD-8.00AM36
	8A60	C-8.00AM84	CD-8.00AH84
	8884	C-8.00AH120	,
	8A120		
8.25%	8.25A36	C-8.25AM36	CD-8.25AM36
	8.25A60	C-8.25AH84	CD-8.25AM84
ě	8.25A84		
8.50%	8.5A36	C-8.50AN36	CD-8.50AM36
	8.5A60	C-8.50AH84	CD-8.50AM84
	8.5A84		
8.75%	8.75A36	C-8.75AM36	CD-8.75AM36
	8.75A60	C-8.75AH84	CD-8.75AM84
	8.75A84	E- 1419	



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Base Rate	No Insurance	Life Insurance	Life &Disability Insurunce
9.00%	9A36	C-9.00AH36	CD-9.00AH36
	9460	C-9.00AM84	CD-9.00AH84
	9884		
9.50%	9.5A36	C-9.50AH36	CD-9.50AN36
10.00%	10A35	C-10.00AH36	CD-10,00AH36
10.50%	10.5A36	C-10.50AH36	CD-10,50AH36
11.00%	11A36	C-11.00AH36	CD-11.00AH36
12.00%	12A36	C-12.00AH36	CD-12,00AH36
13.00%	13A36	C-13.00AH36	CD-13.00AH36
14.00%	14436	C-14.00AH36	CD-14.00AH36

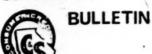
MEADRIN CHARGE CHARTS

In addition to the regular monthly payment charts, charts are available which have a built-in minimum charge of \$6.00 plus 50c per payment. These are prepared as stapled booklets, punched to fit the standard rate chart binders. They show the Annual Percentage Eate (A.P.E.) for each amount of "unpaid balance". The amounts at the top of the chart (\$1 - \$19) do not include the minimum charge, so they can be combined with any larger unpaid balance. Quote the A.P.E. shown for the larger amount. Under no circumstances should balances be combined for amounts over \$1,800 (the largest unpaid balance on the chart). Instead, use the appropriate regular monthly payment chart.

These charts provide for terms of 3, 6, 9, 12, 15, 18, 21, and 24 months. They are svailable with no insurance, with life insurance only, and with life and disability insurance, at add-on rates of 62, 72, and 62.

The following codes identify the minimum charge charts:

Base Rate	No Insurance	Life Insurance	Life & Disability Insurance
6.00%	6A324-H	C-6AH324-H	CD-6AH324-H
7.00%	7A324-H	C-7AH324-K	CD-7AH324-H
8.00%	8A324-H	C-8AH324-H	CD-8AH324-H



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QUARTERLY PAYMENT CHARTS

These charts are computed at 6% add-on with credit life insurance, and without insurance. Terms provided are 3, 12, 15, 18, 21, 24, 30, 36, 42, 48, 54, and 60 months. The chart codes are:

6AQ60 - No Insurance C-6A060 - With Credit Life

Quarterly rebate charts are also available.

CONVERSION TABLES

There are two conversion tables for equal monthly payments:

- "Add-on Rates Converted To Actuarial Annual Percentage Rates" use this table to determine the A.P.R. when the charges are computed at a straight add-on rate. Order by code "AO-APR".
- 2. "Actuarial Annual Percentage Rates Converted To Dollar And Cent Charges Per \$100" instructions for its use are printed on the cover. This chart can also be used in making term loans at a simple interest rate simply multiply the amount financed by the appropriate dollar and cent factor to determine the finance charge. Order by code "APR-D&C".

EMPLOYEE LOAN CHARTS

These charts are designed especially for use in making loans to employees and are identified as "Employee" charts. They are computed at 4.50% simple and 5% simple (actuarial), and are available without insurance, with credit life insurance, and with credit life and disability insurance. Terms are provided to 60 months. Life and disability insurance is calculated at ½% per annum per each coverage. The chart codes are:

Employee 4.5SM60 and Employee 5.SM60 - No Insurance C-4.5SM60 and Employee CD-4.5SM60 and Employee CD-5.SM60 - With Credit Life Only CD-5.SM60 - With Credit Life and Disability

SINGLE PAYMENT CHARTS (TIME LOANS)

The only chart available for use in making single payment loans is the "Conversion Chart - Single Payment Loan - 365 Day Basis". This chart is used to find the Annual Percentage Rate (A.P.R.), after the finance charge is calculated. No charts are available for calculating the finance charge.



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For instructions on calculation of finance charge and A.P.R. by audio and video inquiry to the computer, as well as by manual computation, see the bulletin "OVER THE COUNTER - SINGLE PAYMENT TIME LOANS TO INDIVIDUALS."

REBATE CHARTS

Rebate charts are available; for monthly payment loans and for quarterly payment loans. The chart for monthly payment loans covers terms up to 60 months. The chart for quarterly payment loans covers terms up to 48 months. Order "Rebate Chart - Monthly" or Retate Chart - Quarterly". For monthly payment loans with terms up to 120 months, the book "Financial Monthly Rebate Table" is available. Order by name.

SALES FINANCE CHARTS

APPLIANCE DEALER CHARTS

These charts are for use in Sales Finance transactions only. They are prepared at four rates - 8%, 9%, 10% and the Georgia Maximum Rate of 12% on the first \$400 and 10% on the excess. They also include a minimum charge of \$6.00 plus 50c per payment. Terms of 6, 9, 12, 18, 24, 3C, and 36 months are provided for each rate. Minimum payment amount is \$7.50. Charts are svailable at each rate with life, disability, and property insurance. Charts are available at the Georgia maximum rate with no insurance, and with both life and disability insurance. We do not offer the option of selecting only credit life on a deal using the Georgia maximum rate. Since the customer must be given the choice of insurance, dealers must be supplied with regular monthly payments charts at 8%, 9%, and 10% with no insurance, with life only, and with life and disability. We do not offer the option of selecting Property Insurance only.

The identification codes for appliance charts are:

8% - CDE - 8A636-H

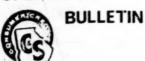
9% - CDE - 9A636-M

10% - CDE -10A636-M

Georgia Maximum - CDE-12/10A636-H - With Life, Disability, and Property Insurance

CD-12/10A636-M - With Life and Disability

12/10A636-H - No Insurance



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FARM PLAN CHARTS

These charts are computed at simple (actuarial) interest rates, rather than at add-on rates. Each chart provides monthly payments for terms of 6, 12, 18, 24, 30, 36, 42, 48, 54, and 60 months. They also provide up to 5 years terms on 2, 3, 4, and 5 crop payment plans, plus semi-annual and one-amount payments. The charts are printed on different color stock for easy identification. They do not have an identification code.

COLOR		BASE RATE	2
Pink		10%	
Yellow		117	
White		127,	
Blue	•	137.	
Green		147	

When ordering farm charts, specify the rate. Charts are available with Credit Life Insurance, and without insurance. Specify which version is needed.

SIMPLE (ACTUARIAL) MONTHLY PAYMENT CHARTS

These charts are intended for special applications, such as mobile home dealers. They are computed at simple (actuarial) interest rates. Codes are:

CTUARIAL RATE	NO INSURANCE	LIFE INSURANCE
11.00%	11SA36	
	11SA60	
	11SA84	
1	11SA120	
11.50%	11.5SA36	
	11.5SA60	
	11.5SA84	
à.	11.5\$A120	,
12.00%	12SA36	C-125H36
	12SA60	C-12SH84
	12SA84	C-12SH120
	12SA120	
12.50%	12.5SA36	-
	12.5SA60	
	12.5SA84	
	12.5SA120	
	E 142	3

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ACTUARIAL RATE	NO INSURANCE	LIFE INSURANCE
13.00%	13SA36	C-13SM36
	13SA60	C-13SM84
	13SA84	C-13SM120
	13SA120	
13.50%	13.5SA36	
	13.5SA60	
	13.5SA84	
	13.5SA120	
14.00%	14SA36	
	14SA60	
	14SA84	
	14SA120	
14.50%	14.5SA36	
4	14.5SA60	
	14.5SA84	
	14.5SA120	
15.00%	LOSAJO	
	15SA60	
	15SA84	
	15SA120	
15.50%	15.5SA36	
	15.5SA60	
	15.5SA84	
	15.5SA120	
16.00%	16SA36	
	16SA60	
	16SA84	
	16SA120	



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INSERTS

They are available which either explain the insurance coverage, or provide a suitable cover sheet for use in dealer rate chart books.

> Insurance - credit life insurance disability insurance property insurance boat and motor insurance

Cover Sheets - Boat and Motor Financing Dental Payment Plan Equipment Financing Farm Equipment Financing Home Appliance Financing Home Repairs and Remodeling

INDEXES

Card Stock Index Tab Separators are available for automobile dealer rate books with the following wording printed on the tabs:

Preface Current Model 2, 3, & 4 Years Old 5 Years & Over

Miscellansous Insurance

1 Year Old RATE CHART COVERS

There are five rate chart covers available:

Green Unprinted Paper (Form 19-870)

Blue Printed Paper, With Brads (Form 19-1021)

Blue Plastic t", With Brads (Form 19-3005-0) Blue Plastic t" Ring Binder (Form 19-3010)

Blue Plastic 1" Ring Binder (Form 19-3015)

These covers should be requisitioned by form number from the Purclasing Department, Atlanta.

The blue printed CaS paper cover (form 19-1021) is for use by CaS Bank Dealers. The blue plastic covers may be given to C&S Dealers, also. However, because of the relatively high cost to the distributing office, these plastic binders should not be used in lieu of our standard blue paper cover. Consider using them in cases of volume dealers, and in competitive situations where the need for a quality cover exists.

The blue plastic 3" ring binders (form 19-3010) should be sufficient for most lending officers in C&S Offices.



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DEALER RATE CHART BOOK PREPARATION

Our rate chart structure is designed so that individual rate books may be "tailor made" by selecting suitable rate charts and inserts to be enclosed in the C&S rate chart cover (19-1021) or the blue plastic \(\frac{t}{v}\) cover. A typical book will consist of cover, insert describing class of business, insurance inserts, if applicable, and the rate chart itself. The complete rate book represents an attractive advertising piece and should always be used - do not give out rate charts except in complete book form.

ORDERING CHARTS

All rate charts, inserts, and indexes should be ordered in writing from Retail Banking, 9 North Avenue, Atlanta. Telephone orders will not be accepted. Orders should specify the chart code of each chart, as shown in this bulletin. Also specify the quantity of each chart needed. A signed supply requisition form <u>must</u> accompany each order. The cost will be billed by the Purchasing Department, along with the regular supply billing.

CORRESPONDENT BANKS

Those correspondent banks which participate in our Group Creditor Insurance Policies (Life, Disability, and Property) may use our charts by ordering from Retail Banking (99 Annex, Atlanta, Georgia 30399). They will receive a bill for the cost. The charts will not be appropriate for non-participating banks because of the difference in premium calculations for each coverage.



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SECTION LENDING GENERAL

SUBJECT TITLE ACT

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Date 12-15-67

NEW BULLETIN:

The Georgia Motor Vehicle Certificate of Title Act became effective in July, 1962. Subsequently, it has been amended several times by the State Legislature and numerous changes in mechanics and procedures have been initiated by the Director of the Motor Vehicle Unit of the Department of Revenue. Recently, the title section of this department was automated and consolidated with other sections of the Motor Vehicle Unit.

While other changes and refinements will undoubtedly continue to occur with the passing of time, many of the original stumbling blocks and problem areas have been eliminated entirely or improved upon. It therefore seems appropriate to include our policy and procedures for operating under the Title Act in the Consumer Credit Operating Guide at this time.

I. GENERAL POLICIES, REQUIREMENTS, AND FORMS

VEHICLES COVERED

Any 1963 or newer model vehicle of the following type is required to be titled if the owner resides in Georgia.

Automobiles
Trucks (including tractor-trailer)
Tractors (unless farm equipment)
Camping Trailers
Mobile Homes

1962 and older model vehicles cannot now be titled. However, between July, 1962 and January, 1964, 1962 and older model vehicles were permitted to be titled if the owner desired to do so; and, all vehicles brought into Georgia from a title state were required to be titled in Georgia. It must be remembered, therefore, when handling a transaction involving a 1962 or older model vehicle, to inquire of the owner if the vehicle has previously been titled in Georgia. If there is a title outstanding on such a vehicle, the procedures for perfecting security interests are the same as those for 1963 and newer models.

BASIC FORMS

The basic forms required for title applications are the MV-1 (automobile), MV-2 (truck), and MV-3 (trailer). These forms are combination tag, title, and ad valorem tax forms and are essentially the same in each of the three instances, except that the appropriate form must be used for the type vehicle involved. The same type application form is used when applying for a new title or tag and whenever making application for subsequent changes in the title or the tag registration. In addition, each time an application is filed it must be accompanied by the appropriate fee. Other commonly used forms are:



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NEW BULLETIN:

1.	MV - 5	Used for making application for a duplicate title.
2.	MV-18	Used to make minor corrections in the title and/or tag registration.
3.	T-4	Used to release a lien or security interest which has previously been recorded on the title certificate if space is not provided on the back of the certificate for such release.
4.	T-8	Used to secure the customer's power of attorney to enable us to handle loans and transfers in a more expeditious manner.
5.	T-16	Used to secure a proper title for a vehicle which has been repossessed.
6.	T-20	Used to secure a proper title for a vehicle which has been inherited.
7.	T-53	Used by a second lien or security interest holder to request the first lien or security interest holder to forward the title certificate to the Motor Vehicle Unit
-	*	so that the second lien may be recorded thereon. ALL FORMS MENTIONED IN THIS BULLETIN CAN BE SECURED FROM THE MOTOR VEHICLE UNIT AT NO CHARGE.

TITLING AND TAG REGISTRATION

The titling of a vehicle as in titling of other real property is intended to protect ownership by showing a complete and unquestionable "chain of ownership" from the manufacturer to and including the present owner.

Titling of vehicles does not take the place of tag registration. TITLING proves and protects ownership while TAG REGISTRATION licenses a vehicle to be operated in the state of the owner's residence. Both tag and title (title if 1963 or newer model) are required for vehicles owned by Georgians.

APPLYING FOR TITLE AND TAG

Application for title may be made prior to tag registration; however, application for tag registration cannot be made prior to application for title since the applicant must show proof that title application has been made or that a title has been issued on the vehicle before a tag can be purchased.

Applications for tags must be made each year on or before April 1 or at the time of first sale or transfer of the vehicle after January 1, whichever comes first. These applications must be made through the Tag Agent in the county of legal residence of the individual who owned the vehicle on January 1, and payment for the current year ad valorem taxes on the vehicle must accompany the application.

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NEW BULLETIN:

Applications for title are made by sending the Title Application, all supporting documents, and the fee of \$1.00, either directly to:

Department of Revenue Motor Vehicle Unit Title Section 109 State Office Building Atlanta, Georgia 30334

or to the county Tag Agent in the county of the owner's residence. As a general rule, it will be our policy to send applications directly to the Motor Vehicle Unit when applying for a title, thus eliminating any delay caused by filing through the Tag Agent.

There are certain situations in which it is impractical to make application for title through the Motor Vehicle Unit for the reasons outlined below:

 Title applications for <u>new vehicles</u> should be made through the Tag Agent simultaneously with the tag application since:

a. The law requires that application for a license tag be made within three days after purchase of a new vehicle,

b. License tags can be purchased only through Tag Agent ,

c. Proof of application for a Georgia title is require before a tag can be purchased.
In such cases, the dealer will normally file the application for tag and title with the Tag Agent.

 Title application for used vehicles not previously registered in Georgia should be made through the Tag Agent simultaneously with the tag application since tags cannot be purchased without proof of application for a Georgia title.

When a change in ownership of a titled vehicle occurs, the owner is required by law to apply for a new title and have the ownership change recorded on the tag registration. If the change in ownership takes place after January 1 and a current year tag has not been purchased, this must be done before the vehicle can be transferred to the purchaser because:

 The tag registration for a given year is not transferable after December 31 of that year, and

The ad valorem taxes for the current year have not been paid by the owner.

The proper procedure would be for the owner of the vehicle as of January 1 to purchase a current year tag in his county of residence, pay the ad valorem taxes, and then assign the tag registration to the purchaser. The purchaser should then make application for title and tag transfer. If this is not done, the purchaser may eventually have to pay the ad valorem taxes on the vehicle for the current year even though he was not the owner on January 1.



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NEW BULLETIN:

In view of the above, it should become standard practice, when making a loan on a vehicle involving a change in ownership, to require that the vehicle have a current year tag before the loan proceeds are disbursed. This will protect the bank and the customer against the possibility of a future tax lien being filed for the current year ad valorem taxes.

SECURITY INTERESTS AND LIENS

DEFINITION OF TERMS

 Security agreement - a written agreement which reserves or creates a security interest.

 Security interest - an interest in a vehicle reserved or created by agreement which secures the payment or performance of an obligation, such as conditional sales contracts, chattel mortgages, bills of sale to secure debt, etc.

 <u>Lien</u> - an interest created by operation of law and not by contract or agreement with respect to vehicles, and includes all liens for taxes.

 A Manufacturer's Statement of Origin is the document issued by the maker of a vehicle to a dealer in a title state providing proof of original ownership by the dealer.

PERFECTING SECURITY INTERESTS

The only way now provided by law for a creditor to establish and protect a legal interest in a vehicle required to be titled in Georgia is to appear on the face of the title certificate itself as a security interest holder. In order to accomplish this, a title application must be completed, showing the name and address of the security interest holder, and must be transmitted, along with the necessary fee and the properly assigned title certificate to either the tag agent in the county of the owner's residence or to the State Motor Vehicle Unit.

A security interest in a vehicle is perfected as of the date of its creation <u>if</u> the application and other necessary documents are delivered to the Revenue Commissioner or his agent (tag agent or Motor Vehicle Unit) within 10 days after dreation; otherwise, perfection is not accomplished until the actual date of delivery.

To perfect a security interest in a vehicle which is not required to be titled, the security interest holder completes a T-3 form and mails it, together with a \$1.00 fee, to the Motor Vehicle Unit at the State Capitol. Part #1 and Part #2 of the T-3 form will be retained by the State. Part #3 will be validated and returned to the security interest holder.

PERFECTION OF SECOND SECURITY INTEREST

When a second security interest is created in a vehicle which is required to be titled, perfection can only be accomplished by having the security interest recorded on the title certificate. In order to accomplish this, the second security interest holder forwards by registered mail, return receipt requested, the completed Title



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NEW BULLETIN:

Application form, the necessary fees, and a request for transmittal (form T-53) to the first security interest holder. The first security interest holder must, within 10 days, forward all the above together with the title certificate to the Motor Vehicle Unit. When a new title certificate is received by the first security interest holder, he must notify the second security interest holder within 5 days after receipt of the certificate, that the certificate has been received and that the second security interest is shown thereon.

RELEASE OF SECURITY INTERESTS

When a security interest is perfected on a titled vehicle, the title certificate is delivered to the first security interest holder by the Motor Vehicle Unit. When the first security interest holder's interest is satisfied, the first security interest holder must forward the title certificate to the next security interest holder shown on the certificate within 10 days of the date of satisfaction. If no other security interest is shown on the certificate, the certificate must be forwarded to the owner within 10 days of the date of satisfaction. The law requires that a release of the security interest be sent to the owner within 10 days after demand for such release. However, since title certificates now have space provided on the back for release of the security interest, it is easier, as a practical matter, to complete this release before the certificate is forwarded to the owner or second security interest holder. On certificates which do not have space for the release printed on the back, a T-4 release form should be prepared and forwarded with the certificate.

To release a security interest which has been filed against a vehicle not requiring a Georgia title, the reverse side of the T-3 form, which was returned at the time of filing, must be completed and mailed to the Motor Vehicle Unit within 10 days of the date of satisfaction of the security interest. No fee is required when releasing a notice.

MECHANIC'S LIENS

It is the unofficial opinion of both the title division and the Attorney General's office, concurred in by our attorneys, that a Mechanic's Lien against a properly titled vehicle would be ineffective if our security interest is shown on the title. They consider the fact that we are on the title to be "constructive notice" to the mechanic of the pre-existence of our security interest, even though he is not told of its existence or does not call the title division to find out. It is their feeling that he cannot retain possession, even after having completed repairs, under these circumstances.

On the other hand, if our security interest does not appear on the title certificate, there is some question about our ability to obtain possession if the mechanic is holding the vehicle pending payment, even though he is not on the title.



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REVISION OF PACE 6 Dated 4-29-68

OTHER LIENS

Although security interests on titled vehicles can only be perfected by having the interest recorded on the title certificate, this is not true of liens. Liens on wehicles for taxes and those created by operation of law (judgments) can be perfected by filing a T-3 notice of lien with the Motor Vehicle Unit, and the existence of this lien will not appear on the title certificate until a subsequent change in the title is requested. When the subsequent title certificate is issued, the lien will appear on the certificate as of the date of its perfection and will take priority over any subsequent lien or security interest.

There is one exception to this priority. Liens for ad valorem taxes on a vehicle take priority over any other lien, regardless of the date of perfection. Where there is a possibility that a lien has been filed against a vehicle and the amount of the loan is more than would otherwise be advanced on the customer's signature, it would be to our advantage to check the T-3 file in the Motor Vehicle Unit before disbursing the loan proceeds.

When a motor vehicle is repossessed and sold, the bank giving the buyer form T-16 and Bill of Sale, all liens except those attached for ad valorem taxes are automatically released from the vehicle when the new title is issued.

TITLE INQUIRIES

The Motor Vehicle Unit has suggested a form letter for use when inquiring about the status of a pending Title Application. A copy of the suggested form is illustrated on the next page. The letter should be reproduced on your bank's letterhead and used when making such an inquiry.

REQUESTS FOR INFORMATION

The law provides that a security interest or lien holder must, upon request, give to any interested party, information concerning the security interest or lien, including the amount, pay off figure, etc.

FOLLOW-UP PROCEDURES

The following procedures apply to all direct loans and sales finance transactions involving vehicles for which a Georgia title is required.

- At the time the discount sheet is completed, the lending officer should circle the "Y" opposite the word "Title in the completeness check-off box.
- A collateral follow-up card (19-984) should be made on all transactions involving vehicles requiring a Georgia title. The follow-up date should be no more than <u>forty-five days</u> from the date of loan.
- As title certificates are received, they should be checked to see that the bank is properly shown as first security interest holder.
- 4. The title certificate should be checked against the discount sheet to be sure that the description of the vehicle on the title is correct.
- 5. The title certificate should then be filed in the customer's credit file.

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 The follow-up card file should be checked and, if there is a card for the transaction involved, it should be pulled and destroyed.

7. Title follow-up cards should be worked on a daily basis. Cards on which title certificates have not been received by the follow-up date should be referred to the lending officer who made the loan. The customer must then be contacted and, if he has received the title certificate (we will not have been shown as a security interest holder), the certificate should be obtained from him, a new title application completed showing the bank as security interest holder and should be forwarded to the Hotor Vehicle Unit. A new follow-up date should be shown on the card and it should be refiled in the follow-up card suspense file. A memorandum recording this follow-up activity should be placed in the customer's credit and collection folder.

If the customer has not received the title certificate, we should correspond with the Motor Vehicle Unit, (using the form letter described ecrlier), requesting the status of the title application.



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SUBJECT TITLE ACT

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Date 12-15-67

NEW BULLETIN:

II. DETAILED PROCEDURES

A. TITLE FOR A NEW VEHICLE

Responsibility

Dealer

Tag Agent

Dealer and Applicant

Action

- Completes (TYPES application MV-1, MV-2, MV-3 or MV-4 as applicable). Application must be properly completed, signed by applicant, and signature notarized.
 - Includes name and <u>complete</u> address of security interest holder if security interest created *(see note at end of section B).

2. Pays fee of \$1.00

 Completes line #16 of application giving dealer's notarized signature, Master Tag Number, Dealer's Sales Tax Account Number, indicates Sales Tax has been paid, and date of sale.

 Supplies the Manufacturer's Statement of Origin properly assigned on the back.

 Transmits application, fee, and Statement of Origin to the Tag Agent in the owner's county of residence. (Application for license tag and affidavit concerning payment of ad valorem taxes should be filed at the same time).

Receives fees for title and tag along with application and supporting documents.

- Issues tag and gives owner's copy of application to applicant for his records.
- Forwards original copy of application, fee, and supporting documents to Motor Vehicle Unit Title Section.
- Process application and forwards Title Certificate to:
 - a. Owner, if no security interest shown.
 - b. Security interest holder, if one is shown on certificate.

B. <u>TITLE FOR A PREVIOUSLY UNTITLED USED VEHICLE</u> (1963 and newer models <u>only</u>, including vehicles brought into Georgia from a non-title state).

Responsibility

Motor Vehicle Unit

Applicant

Action

 Completes (TYPES) application for Tag and Title. Application must be properly filled out. Signed by applicant, and signature notarized.



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Date 12-15-67

NEW BITLETIN:

Dealer and Applicant

 Furnished notarized Bill of Sale from previous owner and registration certificate in name of applicant or applicant's predecessor in an unbroken chain of ownership covering a minimum of 3 months.

Furnishes satisfactory notarized explanation of inability to furnish notarized Bills of Sale, affidavit of purchase giving name and address of party from whom purchased and approximate date of purchase, and continuous unbroken registration in applicant's name for six months AND receipt for payment of an valorem taxes on vehicle.

- J. If vehicle purchased from a dealer, line #16 of application must be completed by dealer giving dealer's notarized signature. Master Tag Number, Dealer's Sales Tax Number indicating if sales tax has been paid, and date of sale.
 - Includes name and <u>complete</u> address of security interest holder if security interest created. *(See nite at end of section B.)

4. Pays title fee and tag fee.

 Transmits completed applicacion, fees, and supporting documents to Tag, Agent in applicant's county of residence.

 Receives fees for Tag and Title, application, and supporting documents.

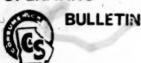
Issues tag and gives owner's copy of application to applicant.

- Forwards fee, original of application, and supporting documents to Motor Vehicle Unit Title Section.
- Processes application and forwards Title Certificate to:
 - Owner, if no security interest shown,
 Security interest holder, if one is shown on certificate.

*NOTE

Tag Agent

Sales Finance Dealer Paper - Sufficient control exists within our relationship with the dealer so that we should not have to worry about his showing us as security interest holder when he completes the application.



SECTION LENDING GENERAL

SUBJECT TITLE ACT

TOPIC

Page 10 of 15

Date 12-15-67

HEN BULLETIN:

Direct Loans for the Purchase of New Vehicles - Whenever practical, the lending officer should complete the security interest halder portion on a blank application form and give the form to the customer at the time the note is signed, requesting the customer to ask the dealer to use that application. In all cases, the customer should be cautioned, at the time he signs the note, not to sign the application form for the dealer unless the bank is shown thereon as security interest holder.

When completing the security interest holder portion of the application, be sure to show your bank's COMPLETE address so that the title certificate will be returned to you without delay.

C. VEHICLES PREVIOUSLY TITLED IN GEORGIA WITH CHANGE IN OWNERSHIP

1. No Security Interest Created

Responsibility

Applicant

Dealer and Applicant

Tag Agent

Motor Vehicle Unit

Action

- a. Secures properly assigned Title Certificate and current year Tag Registration from previous owner with release of Security Interest (if any) completed on back of Title Certificate OR a completed T-4 release form.
- b. Completes (TYPES) application for Title and Tag Transfer.
- If vehicle purchased from dealer, follow step B-3
- Pays title fee (\$1.00) and Tag Transfer fee (50c)
- e. Transmits application, fees, Title Certificate. Tag Registration, and supporting documents to Tag Agent in applicant's county of residence.
- Receives application and supporring documents. gives owner's copy of application in applicant. and forwards necessary documents to Title Section Motor Vehicle Unit.
- Processes application and forwards new Title Certificate to owner.

2. Security Interest Created

Applicant and Dealer

Follow procedures outlined under Section C-1 except that fees, application and supporting documents are transmitted to Security Interest holder instead of Tag Agent.



BULLETIN

SECTION LENDING GENERAL

SUBJECT TITLE ACT

TOPIC

Page 11 of 15

Date 12-15-67

MEN BULLETIN:

Security Interest Holder

b. Records name and complete address of Security Interest holder on application and forwards together with fees and supporting documents to Hotor Vehicle Unit Title Section.

Motor Vehicle Unit

c. Processes application and forwards new Title Certificate to Security Interest holder.

3. Transfer of Equity

Responsibility

Action

Applicant and Security Interest Holder

- Secures previous owner's assignment on back of Title Certificate and Tag Registration.
- b. Completes (TYPES) application for Title and Tag Transfer in name of new owner and shows name and complete address of security interest as appears on old Title Certificate.

c. Applicant (new owner) signs application and pays title fee (\$1.00) and Tag Transfer fee (5 cl

- Security Interest Holder
- d. Transmits fees, application, old Title Certificate, and Tag Registration to Motor Vehicle Unit Title Section.

Motor Vehicle Unit

 Processes application and forwards new Title Certificate to Security Interest holder.

NOTE: Substitution of Collateral should be handled in the same way as a Transfer of Equity with respect to title procedures.

D. VEHICLES PREVIOUSLY TITLED IN GEORGIA WITH NO CHANGE IN OWNERSHIP

1. Security Interest Created

Responsibility

Action

Security Interest Holder

- Completes (TYPES) application showing name and <u>complete</u> address of Security Interest holder, date security interest created, and type of security interest.
- b. Application must show exact name and address of owner as recorded on outstanding Title Certificate - if not, form MV-18 must be submitted.

 Signs application; (signature must be notarized).

Owner



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SUBJECT TITLE ACT

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Page 12 of 15

Date 12-15-67

NEW BULLETIN:

d. Supplies outstanding Title Certificate and release of any security interest which may appear on outstanding Title Certificate.

Pays title fee of \$1.00

Mails all documents and fee to Motor Vehicle Unit Title Section.

Processes application and forwards new Title Certificate to Security Interest Holder.

NOTE: When a loan application is made after title has been applied for but before it has been issued, check the owner's copy of the Title Application to see that no lien or security interest holder is shown. Arrange for the customer to surrender the Title Certificate when he receives it. Have him complete and sign a new Title Application. If any of the above steps cannot be completed, do not disburse proceeds until the Title Certificate has been issued and surrendered to you.

2. Reworking Existing Loans

Security Interest Holder

Motor Vehicle Unit

Security Interest Holder

- a. If previous security interest appears on the Title Certificate and original instrument is not released, no change in Title is necessary.
- If original instrument is released, complete application for new Title Certificate (follow procedures in D1) showing date of reworked loan.

E. VEHICLES PREVIOUSLY TITLED IN ANOTHER STATE

Responsibility

Applicant (owner)

Action

1. Completes (TYPES) application for Tag and Title, signs application, and has signature notarized. (Name must be identical to the name which appears on the out of state title).

Supplies original out of state Title Certificate

properly assigned.

- 2a. If all spaces provided for assignment on the Title Certificate are filled, a notarized Bill of Sale is required to show complete chain of ownership.
- Supplies Release of Lien or Security Interest if reflected on outstanding Title Certificate.

4. Pays title fee and tag fee.



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SECTION LINDING GENERAL

SUBJECT TITLE ACT

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Date 12-15-67

NEW BULLETIN:

Tag Agent

- Receives application, fees and supporting cocuments.
- Issues license tag and gives owner's copy of application to applicant for his records.
- Forwards original application, fee, and supporting documents to Motor Vehicle Unit Title Section.

Motor Vehicle Unit

 Processes application and forwards Title Certificate to owner.

NOTE: If the bank creates a security interest in the vehicle before application for a Georgia Tag and Title is made, an application should be completed showing the bank as security interest holder. The owner of the vehicle should then present this application to the Tag Agent, purchase a tag for the vehicle, and return the validated owner's copy of the application to the loan officer before the loan proceeds are disbursed. If a Georgia title has already been issued for the vehicle, proceed as outlined in Step D-1.

F. TITLE FOR REPOSSESSION

Responsibility

Repossessor

Action

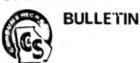
- Completes (TYPES) application in the name of the new owner.
- 2. Supplies the outstanding Title Certificate.
- Completes Release of Lien or Security Intrest on back of Title Certificate, or on T-4 form if space not provided on Title Certificate. (This releases lien or security interest held against person from whom vehicle was repossessed.
- 4. Completes form T-16 (Affidavit of Repossession).
- Supplies notarized Bill of Sale from Repossessor to party to whom vehicle is sold when sold to an individual.
 - If assigned to a dealer for disposition, Bill of Sale is not required.
- Supplies a copy of the original contract between the Repossessor and the person from whom the vehicle was repossessed.
- Signs completed application (signature must be notarized) and pays fee of \$1.00.
- 8. Transmits application, fees, and supporting
- documents to Tag Agent.

 9. Receives application, fees, and supporting documents from applicant.
- Gives owner's copy of application to applicant for his records.

E- 1439

Tag Agent

Applicant (New Owner)



SECTION LENDING GENERAL

SUBJECT TITLE ACT

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Page 14 of 15

Date 12-15-67

NEW BULLETIN:

11. Forwards original of application, fee, and supporting documents to Title Section, Motor Vehicle Unit.

Motor Vehicle Unit

 Processes application and forwards new Title Certificate to owner.

G. TITLE ALTERATIONS AND EXCEPTIONS

1. Title Corrections

Responsibility

Applicant

Action

a. Completes a form MV-18 for all corrections required on title or tag registration except name of Manufacturer's I. D. Number and lienholder.

NOTE: This form is only available at the Motor Vehicle Unit, State Office Building, Atlanta, Ga

- If a name or lienholder change is required, you must follow the procedure for a new title.
- (2) If a Manufacturer's I. D. Number change is required and the I. D. Number is other than that reflected on the Statement of Origin or notarized Bill of Sale, a pencil tracing is required. For details, contact Motor Vehicle Unit, Atlanta, Georgia. If the correction is reflected on the Statement of Origin or notarized Bill of Sale, Form MV-18 is used.

2. Change of Name on Title

Responsibility

Applicant

Action

Follows procedures outlined in Section C-1, omitting steps c and e.

Applicant

- a. Obtains a court order giving the complete description of the vehicle and a certified copy of the court proceedings.
- b. Completes application form reflecting the necessary information and has signature notarized. (The date of purchase is the date of the Court Order.)



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SUBJECT TITLE ACT

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Page 15 of 15

Date 12-15-67

NEW PULLETIN:

c. Submits the above documents, with a fee of \$1.00 to the County Tax Commissioner.

4. Duplicate Titles

Responsibility

Applicant

Action

a. Completes form MV-4.

NOTE: Owner's name and vehicle description must appear as that reflected exactly by the original certificate on file.

b. Pays fee of \$1.00

5. Title Transfer Due to Death

Responsibility

(Heir) Applicant

Action

- Submits the current Title, with a certified copy of the Will or Letter of Administration.
- Completes application reflecting the necessary information and has signature notarized.
 (The date of purchase is the date of death.)
- c. Submits the above documents with a fee of \$1.00.
- d. In the absance of the above documents, submits the current Title, with an affidavit of Inheritance (T-20 form) and a copy of the Death Certificate, and a completed application for Title, to the Motor Vehicle Unit.



SECTION

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SUBJECT

TRANSFER OF EQUITY

TOPIC

Page

1 of 7

Date 6/15/70

Replaces Bulletin: LENDING GENERAL - TRANSFER OF EQUITY - Dated 7-9-69

The Transfer of Equity form (38-904) is a 6-part snap-out carbonized form, and replaces the older version. The terminology is that required by the Georgia Retail Installment Sales and Home Solicitation Act and Regulation Z, but it is intended that this form be used by both Sales Finance (including the C&S Financial Corporation) and Over-The-Counter operations. Z requires creditors to disclose certain information before the new customer (transferee) obligates himself by signing the transfer form. This form must be used where the original purchaser or borrower is selling pledged property under the condition that the new party assume the indebtedness. Certain commercial transactions are not subject to Z, but this form can be used, as applicable, for those transactions.

CHEDIT REQUIREMENTS

a credit standpoint, transfers should be examined closely. Be certain you are not merely deferring a repossession or other positive collection action. Very often the new party is merely assuming the indebtedness with no equity being paid to the original owner. The new party should have adequate equity by one or a combination of the following:

- 1. Paying loan up to date if past due.
- 2. Paying one or more payments in advance if loan is current.
- 3. Payment for equity to original owner.

Credit investigation and approval routines are the same as on any other new transaction.

INSURANCE ELIGIBILITY

Special care must be taken with respect to insurance election. In fact, you should determine what insurance the customer wants <u>before</u> going on to complete the Transfer of Equity form. We can make a Transfer of Equity ONLY where the new customer's eligibility and election are the same as the old customer's insurance status.

PROCEDURE

Complete the Statement of Transaction down through the Annual Percentage Rate based on the criginal transaction. (Over-The-Counter starts at line 7 (Consolidated Unpaid Balance), where "Amount of Loan" is the figure to be entered). Business consummated prior to the effective date of Regulation Z, July 1, 1969, will not have the insurance coverage separately itemized nor will the Annual Percentage Rate be shown. In these instances, show the total Interest and Discount amount which previously included insurance coverages as the Finance Charge and leave the Annual Percentage Rate blank. However, contracts or loans made July 1, 1969 and after, on which Transfer of Equity occurs, must show all of the Statement of Transaction information given on the original loan including a breakdown of insurance coverages, any other charges, and the Annual Percentage Rate.



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Date 6/15/70

Replaces Bulletin: LENDING GENERAL - TRANSFER OF EQUITY - Dated 7-9-69

When the paper has been endorsed to you by a dealer or other party, the consent of that other party should be obtained in the space provided at the bottom of the form. The new customer and the old customer must be given copies. The original is to be retained in the note file until paid out or for 2 years as specified by Z, whichever is longer. Enough copies are provided to include one in both the old and new customer's file, and to give one to the dealer, if it is a Sales Finance transaction. After conclusion of the transacr, get the original note, and

- (1) Cross out old number.
- (2) Assign new number.
- (3) Attach original of the transfer.
- (4) File again in note file in new number's place.

The following comments A through K apply to the illustration shown on page 3.

- A. Date of Transfer
- B. Original customer
- C. New Customer
- D. Bank of ______, National Bank, or Financial Corporation.
- E. Present bilance owed, which equals the Total of Payments in the Remaining Payment Schedule box. DO NOT INCLUDE LATE CHARGES. This would cause Regulation Z complications. You should, of course, collect them from the old chatcher.
- F. Date of the original note or conditional sale contract.
- G. Sales Finance transactions require completion of all this bracketed area.
- H. Over-The-Counter transactions require completion of this bracketed area.
- Must all be collected at time of transfer. DO NOT ADD TO TOTAL INSTALL-MENTS DUE.
- J. Sales Finance dealership name and address.
- K. Sales Finance dealership authorized signature.

OPERATING BULLETIN

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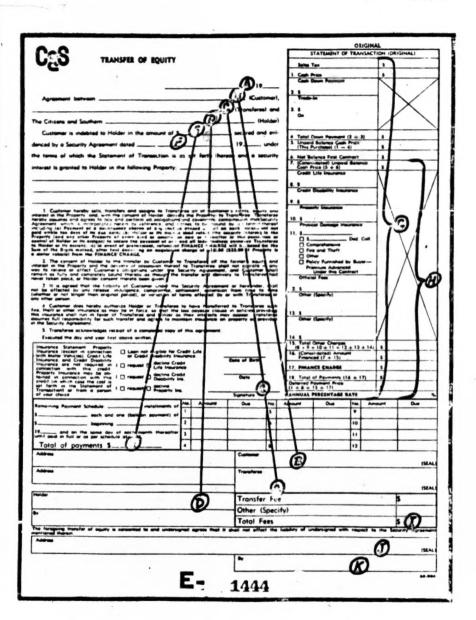
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SUBJECT

TRANSFER OF EQUITY

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SECTION

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Date 11-10-71

Replaces Page 4 Only Of Bulletin: LENDING GENERAL-TRANSFER OF EQUITY-Dated 6/15/70

TRANSFER FEE

The transfer fee should be paid at the time of transfer, by either party. A charge of \$25.00 should be adequate to cover your cost of investigation of the new party and the details of handling on contracts covering automobiles, airplanes, farm equipment, and property improvement. Credit the fee on Over The Counter transactions to Miscellaneous Expense General - Other Income. On Sales Finance transactions, the fee should be deposited to the Financial Corporation's checking account in your city. Then, Financial Corporation General Ledger entries should be prepared debiting "Due From C&S - Operating Account" and crediting "Other Income." The original entries should be sent to the Financial Corporation bookkeeper in Atlanta. On other types of transactions, a \$15.00 charge should suffice. This charge may be increased if you encounter unusual expenses in handling. Show "Transfer Fee" collected in the space on the form just below the Transferee signature block. (Regulation Z does not require that the Annual Percentage Rate be recalculated on the new transaction. It does require us to show any additional charge made to the new customer as the result of the transfer).

This form may be used whether the original instrument was recorded or not. The same procedure of perfecting our security interest should be followed on a transfer as on the original transaction.

PHYSICAL DAMAGE INSURANCE

Followup procedures for securing an insurance policy covering our interests will be the same as for an original transaction.

COMPLETING DISCOUNT SHEET

This is a major change from past procedure. A discount sheet should be prepared just as if this is a new loan. It should be treated as a new loan in all respects, with the exception of variations shown later in this section. This will assure that proper credit information is always given on either the old or the new customer. It is a simple wash-out transaction, with "proceeds" of the new loan going to pay off the net balance on the old account. This procedure also gets an up-to-date payment book to the new customer, and in his name.

The following example shows how to fill in those portions of the discount sheet that differ somewhat from the normal new loan or contract.

20 monthly payments of \$50.00 remaining. Next payment due 6/1/70.

BALANCE REMAINING IS \$1000.00

Interest Rebate is 75.00
Dlr. Reserve Rebate is 25.00
Net Payoff is \$900.00



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Date

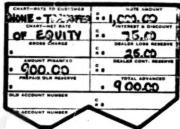
6/15/70

Replaces Bulletin: LENDING GUNERAL - TRANSFER OF EQUITY - Dated 7-9-69

1. Enter payments remaining on new Discount Sheet.

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50.00	6/1/7
^	
	50.00

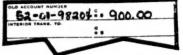
- Enter Balance in Note smount blank, enter Interest Rebate and Dealer Reserve Rebate Due In Interest & Discount and Dealer Loss Reserve blanks.
- Enter the Net Psyoff amount in both the Amount Financed and Total Advanced blanks.



- Enter the remaining number of months that the loan has to run in the "Mo. of Mos." blank.
- 5. Enter today's date in the Date of Loan blank.



 Glose out old transaction by entering the old account number and amount of net payoff.



- Prepare the necessary rebate tickets and interiors or cashiers check, as applicable. Normal loan procedure follows from this point on.
- 8. Payoff transaction code is 54, Refinance C&S.

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SECTION LENDING GETERAL

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TIRE SUBJECT

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Date -6/15/70

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OPERATING BULLETIN

SECTION LENDING

LENDING GEVERAL

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TOPIC

TRANSFER OF EQUITY

6/15/70

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TRANSFER OF EQUITY			SACTION (ORIGINAL)
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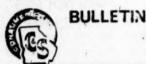
This bulletin does not attempt to cover all of the ramifications of the Code, but only discusses the major areas which affect Installment Lending and our methods of operation. Do not construe this bulletin as C&S Policy in every respect. Policy will at times deviate from procedures and provisions set forth here. These will and expenses involved in various approaches, and convenience to ourselves and our and other bulletins such as "Lending General - Perfecting Security Interests" and other bulletins to be written in the future dealing with specific areas of concentrary the provisions of this bulletin. In the absence of policy decisions to the protection for the Bank under the Code.

Situations are bound to arise which are not covered in this bulletin, and in such instances which involve legal questions, consult with your local attorney or with System Consumer Credit for clarification from our attorneys. Operational or policy questions should be discussed with System Consumer Credit.

All forms used in our installment lending on which the Code has a bearing have been revised by cur attorneys. All such forms should carry a 1-64 or subsequent revision

- Purpose The primary purposes of the Code are to clarify and simplify the
 many and varied laws and interpretations now governing commercial transactions
 and to standardize the laws of the various states. To both of these ends
 we will benefit by knowing more specifically our position in any commercial
 Transaction, not only in the State of Georgia, but in other states now under
 or as they adopt the Code.
 - 2. Effective Date The Code became effective in Georgia on January 1, 1964. Any transaction entered into prior to the effective date of the Code will be governed under the laws in effect at the time the transaction originated. Future advances, extensions, renewals, taking additional collateral, or other events or transactions occurring after January 1, 1964, under an agree-all transactions entered into after January 1, 1964, will be governed by the Code.
- 3. General Routine and Procedures Have not been greatly changed because of the Code and except where specifically prohibited we are allowed to contract with our customers as we see fit. However, there are certain clearly defined rights, duties, and procedures with which we must comply if we are to take advantage of the privileges provided and prevent incurring renalties for failure to perform as prescribed.

ARTICLE 9 - SCOPE - EXCLUSIONS Article 9 of the Code deals with secured transactions and with few exceptions tris bulletin



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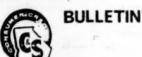
1. Scope - Generally, Article 9 applies to all secured transactions within the jurisdiction of Georgia except those listed under "Exclusions" below.

- A. Property located in other states is governed under the laws of such other states, except where it is intended, at the time of the transaction, that the property is to be brought into Georgia and is actually brought into Georgia within 30 days.
- 2. Exclusions This article does not apply to any: (a) right of set-off, (b) transfer of or interest in any policy of insurance, (c) savings accounts or other forms of deposits, (d) real estate mortgages, or (e) security interests subject to a statute of the United States such as the Ship Mortgage Act.

Some new terminology has been introduced by the Code, and while the meaning of most of the terms is clear, it is necessary that each be understood as they are now a matter of common usage and without an understanding of these terms, it will be impossible to gain any understanding of the Code itself. The best method of gaining a clear understanding of these terms is by considering;

1. THE PEOPLE OR PARTIES INVOLVED

- Debcor This is the direct borrower or buyer. He is the person receiving the primary benefit of the advance or other consideration.
- Secured Party This is the bank when we give value and take an interest in some collateral to protect ourselves. It also includes others such as a merchant who takes a conditional sales contract. The merchant is a secured party and the buyer is a debtor.
- Account Debtor Under certain circumstances a "Debtor" becomes an "Account Debtor". This occurs when the Debtor's obligation is sold or discounted to a third party. In this case, the original debtor becomes the "Account Debtor"; the original secured party becomes the debtor (he is considered a borrower and receives direct benefit of the advance or other consideration); and, the new or third party becomes the secured party; i.e. - an individual buys a TV from a dealer and signs a conditional sales contract - he is the debtor and the dealer is the secured party. The dealer then discounts the conditional sales contract with his bank. The bank now becomes the secured party, the dealer, the debtor; and the buyer, the "Account Debtor".
- D. Lien Creditor This is the "attachment creditor." He is not one of the parties involved in the transaction itself but one who acquires a lien on property by attachment, levy, or the like. Note that under the Gode this also includes: an assignee for the benefit of creditors from the time of assignment, a trustee in bankruptcy from the late of filing of the petition, and a receiver in equity from the time of appointment.



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2. THE TRANSACTION ITSELF

- A. Security Agreement Is any writing which conveys an interest in certain collateral to a secured party and includes bills of sale to secure debt, conditional sales contracts, chattel mortgages, etc.
- B. Security Interest When a security agreement is taken, this provides a security interest in the collateral described. Prior to the Code we had a security interest in an automobile or other type of collateral when the customer signed and delivered to us a bill of sale to secure debt or a conditional sales contract covering the particular property.
- C. Purchase Money Security Interest This is a specific type of transaction and is of particular importance as will be discussed later. It is a security interest as previously discussed, but in addition is an interest taken by a lender or retained by a seller when the purpose of the value given was to make it possible for the customer to acquire rights in or use of the collateral. This purchase money security interest is limited to the extent that the value given is actually used for the purchase of the merchandise. In other words, if we make a loan which the customer tells us is for the purchase of a television and he uses the money for something else, even though he may have the television, we do not have a purchase money security interest in it. Therefore, we must be able to substantiate a purchase money security interest; and the best way is by making the disbursement of proceeds jointly to the borrower and seller or directly to the seller. All conditional sales contracts are purchase money security interests.
- D. Financing Statement (19-891) This term is not in any way related to a financial statement and should not be confused with it. It is the media we use to give notice of our interest in the collateral to protect our interest against subsequent secured parties and lien creditors. This must be in written form; it must be signed by both the debtor and the secured party and give the address of each. Thir is a completely new form and replaces our old "recording copy."
- E. Statement of Continuation, Partial Release, Assignment (19-892) -This term refers to the media used to extend the time of notice given in the original Financing Statement, and it is also the means by which notice is given for the partial release of collateral assignment. Its use is discussed in the subsequent paragraph "FILING TO PERFECT."

3. THE COLLATERAL

In the above sections we have discussed the parties involved and methods of granting and taking a security interest in collateral. While there are few

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new terms introduced in regards to collateral, there is considerable difference in the meaning, from that which we have normally applied, of some of the following terms. It is absolutely necessary that we clearly understand these new definitions in order that we recognize the proper category to which any individual piece of collateral belongs.

- A. Goods This is tangible property other than real estate. Goods include most of the collateral we take in consumer lending and more specifically include all things which are moveable at the time the security interest attaches or which are to become fixtures. This term also includes the unborn young of animals and growing crops, but would not include such things as money, documents, instruments, accounts, chattel paper, contract rights or general intangibles. Goods is a very broad classification and is subdivided into four specific groups determined by the <u>purpose</u> or <u>use</u> of the goods:
 - (1) Consumer Goods This is no longer as broad as it used to be, but is specifically goods used, or bought for use primarily for personal, family or household purposes.
 - (2) Equipment This is goods used, or bought for use, primarily in a business (including farming or a profession). This also includes goods owned or purchased by a debtor who is a non-profit organization or a governmental subdivision or agency; and, any other goods which do not specifically fit under the definitions of consumer goods, inventory, or farm products. It is important to recognize here the importance of usage; i.e., a refrigerator which would normally be consumer goods by character would be equipment if it were purchased by a merchant and used in his retail store. Likewise, an automobile will be consumer goods when the person owning it uses it for his own personal purposes; however, if he is a salesman and buying and using it in his business, then it is equipment.
 - (3) Farm Products This is crops, livestock, or supplies used or produced in a farming operation. Note that an item such as a farm tractor does not fit under this definition, but is equipment.
 - (4) Inventory This is goods held by a person for sale or lease. While this is very similar to the definition we have always applied, the Code broadens the meaning by including raw material where in process and other materials used or consumed in a business.

Extreme care must be taken to understand these divisions clearly and



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not to make the mistake of considering collateral as belonging to one of these groupings because of the very nature of the collateral itself rather than the usage of the collateral. For example, there is a tendency on our part to refer to a piece of road building machinery as "equipment." This may or may not be the case; when it is on the dealer's floor for sale, it is inventory.

- B. <u>Intangibles</u> Are such things as contract rights, accounts receivable, literary rights, etc. This has little application to our installment lending and will hot be discussed in this bulletin.
- C. Other Collateral Are combinations of tangible and intangible collateral. These are written agreements which alone represent an ultimate right of some particular value.
 - (1) Chattel Paper Is a written agreement(s) which evidences both the monetary obligation and the security interest in specific goods. A note and a security agreement or a combination notesecurity agreement is chattel paper - as is a conditional sales contract.
 - (2) Documents Are bills of lading, warehouse receipts or other such written agreement which represents a specific right to certain goods held by a bailee.
 - (3) Instruments Are stock certificates, notes, checks, drafts and other such written agreements which evidence a specific right to payment of money and are not themselves security agreements or leases.

OBTAINING A SECURITY INTEREST in collaterel.

In transactions governed by the Code, there are two methods by which we obtain a security interest

- By Taking Possession This is physically holding the collateral as we have always done in icans on stock certificates. There is no change in our procedures. A collateral note is obtained to evidence the debt and possession of the collateral is taken. No security agreement is needed.
- By Taking a Security Agreement Having the customer sign a security agreement reasonably describing the collateral.

When do we get or security interest?

Our security interest does not necessarily become effective immediately upon taking the security agreement. There are three requirements for a security interest to become effective, and these are: (a) that there be an agreement, (b) that value be



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given, and (c) that the debtor acquire rights in the collateral. As soon as these three events occur (no matter in what order) a security interest attaches. This phrase "attachment of security interest" is used often, and it is important to recognize the three requirements which are necessary and will determine the time of attachment: As an example, you may take a security agreement to give an interest in a specific automobile, you may advance the money to the customer for the purchase of this automobile, but your interest would not attach until the customer made the payment and acquired rights in the automobile. The important point to recognize is that the date of agreement does not necessarily indicate the date of attachment. The importance of this will be discussed later is regard to priorities.

RIGHTS TO COLLATERAL The entire purpose of our taking a security agreement or taking possession of certain collateral is to give us rights in the borrower's property for the purpose of securing his indebtedness to us. Our protection is the right of having or gaining possession of the collateral in event of default and then making recovery through its disposition. Our rights in the property are affected by two factors: (1) the contractual right given to us by the customer, and (2) conflicting rights of other parties also claiming an interest in the collateral.

Our contractual right & between us and our borrower is good in all cases according to the terms of the agreement. The Code puts some limitation on secured parties to the extent that absolutely unfair (unconscionable) advantage of the borrower cannot be taken. As a practical matter we are using our own security agreements designed by our attorneys or taking possession in our normal manner and will not need to further concern ourselves with this limitation.

however, there will occasionally be two or more conflicting claims on the same collateral other than the owner or borrower's claim. As a result of the possibility of conflicting claims, it becomes necessary that we put ourselves in the best position possible. In the past we have done this by recording our bill of sale or other such evidence in order to give notice of our claim to an interest in the collateral. As previously mentioned, recording copies have been eliminated and, in fact, recording as we used to know it is eliminated on transactions governed by the Code. Getting ourselves in this best possible position is referred to as "perfecting the secure interest."

How do we perfect since recording has been done away with?

- By Possession We may perfect our security interest by physically taking possession of the collateral if the collateral is letters of credit, goods, instruments, negotiable documents, or chattel paper. Our interest is perfected from the time we take possession and continues just as long as we retain possession.
- By Filing a Financing Statement This is the most common method of perfecting a security interest, and the manner and method of doing this will be discussed



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in more detail later in this bulletin. Basically it will be similar to what we have done in the past by recording.

- 3. Some Specific Purchase Money Interest There are a limited group of goods in which the Code provides that a purchase money security interest, once attached, will thereby be a perfected security interest without the necessity of taking possession or filing a financing statement. It is necessary to be very specific in relying on this since any goods not meeting the specific requirements set forth can be perfected only by possession or by filing the financing statement. This automatic perfection is limited to, but includes, all purchase money security interests in (a) consumer goods, with the exception of vehicles required to be licensed or fixtures, and all purchase money security interests in (b) farm equipment having a seiling price of \$2500 or less, with the exception of vehicles required to be licensed or fixtures.
- 4. Certain Other Methods of Perfecting or Gaining Temporary Perfection in Goods.
 - A. Vehicles Required to be Licensed The manner of perfecting these is specifically excluded from the Code, and perfection will be governed under the rules set forth in the Motor Vehicle Title Act.
 - B. A security interest in instruments or negotiable documents may be perfected without filing or taking possession for a period of 21 days from the time it attaches and to the extent that it arises for new value given under a written security agreement. This type perfection gives very limited protection. This will seldom be encountered in consumer lending but could arise in making a loan secured by negotiable stock certificates when the loan is made and the funds advanced for the purchase of the stock. If you leave it to the customer to deliver the stock to you upon issue, you are perfected for a period of 21 days, but you would lose to an innocent third party who gained an interest in the stock and took possession of the certificates. (In such cases, it is best to arrange directly with the broker to have the certificates delivered to you.)
 - C. If you have a perfected security interest in instruments (including stock certificates) or documents as a result of possession, then you can remain perfected for a period of 21 days if you release the collateral for specific purposes such as sale, exchange, collection, renewal, etc. The trust receipt lists these purposes. Limited protection is provided and you would lose to innocent third parties.
 - D. Perfection by Claim of P oceeds A security interest in specific collateral continues in the proceeds received if the collateral is sold or exchanged. If the security interest in the collateral was perfected, then the interest in the proceeds is perfected for a



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period of 10 days after the sale. The perfected interest in the proceeds is a continuously perfected interest if the financing statement covering the original collateral also covered proceeds: or if not, a new financing statement covering the proceeds is filed within 10 days or possession of the proceeds is taken.

- There are two other methods of having a perfected security interest in goods which we seldom will encounter in our installment loan operation. These involve an interest in goods which are in the possession of a bailee, warehouseman, etc. If a negotiable document has been issued covering the goods, then an interest in the goods themselves is perfected by perfecting a security interest in the document (this may be done by possession or by filing). If no negotiable document has been issued, then an interest would be perfected by a document being issued in the name of the secured party, by notification being given to the bailee of the secured party's interest, or by filing as to the goods themselves.
- F. All purchase money security interest, except one in inventory, is temporarily perfected for 10 days against lien creditors, bulk purchasers and conflicting security interest provided that the secured party files within 10 days after the collateral comes into the possession of the debtor. A similar interest in inventory is temporarily perfected for 10 days against lien creditors or bulk purchasers but not against conflicting security interest.

PRIORITIES We have already discussed the fact that our agreement is good as between ourselves and our customer in accordance with its terms. Secondly, we have discussed the methods or factors which will give us a perfected security interest. The following then is for the purpose of discussing how good our claim to the collateral will be as related to other secured parties; lien creditors; other buyers; and, tax claims.

- Other Secured Parties The following four rules can be applied to determine priority with certain specific exceptions.
 - A. The four rules are:
 - If one interest is perfected and the other is not, then the perfected interest will have the superior claim.
 - (2) If both of the interests are perfected by filing, then the one who filed first will have a superior claim to the collateral. This is no change from the position of recorded parties in the past.

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(3) If both interests are perfected and at least one of them was perfected by some means other than by filing a financing statement, then the interest which was perfected first will have a superior claim to the collateral.

(4) If neither interest is perfected, then the interest which attached first will have the superior claim.

B. Exceptions to the above rules:

- (1) A security interest in chattel paper or nonnegotiable paper may be perfected by filing. Even though this is done and is the <u>first perfected</u>, a subsequent security interest would take priority <u>provided</u> that the subsequent interest: (a) is perfected by possession, and (b) was acquired in the normal course of business, and (c) was taken without actual knowledge of the prior interest. If the first interest resulted only from a claim to proceeds, then the subsequent interest would prevail even though the holder had knowledge of the original interest.
- (2) When the collateral is inventory, a subsequent purchase money security interest would take priority <u>provided</u> that (a) prior to the time the debtor receives possession of the inventory the purchase money security interest is perfected by filing, and (b) the one taking the purchase money security interest gives notification to the party having previously filed that he has or expects to acquire the purchase money interest in the inventory and describes the inventory by item or type.
- (3) A subsequent security interest in fixtures, accessions, or products may take priority over a previously perfected security interest in the whole. All of these represent specific and usually identifiable property which becomes attached to or a part of some other larger piece of property. A fixture becomes attached to or part of the real estate; an accession is property such as tires, a motor or a radio which becomes attached to an automobile; and, parts of a manufacturer's inventory become a part of the finished product when the inventory is used in the manufacture of the finished product. A security interest which attaches to goods before they are installed, affixed to, or become a part of the whole takes priority over all persons having an interest in the whole, provided the subsequent security interest is perfected before future advances are made by the prior perfected security interest holder and that any such advances were made without knowledge of a subsequent interest.



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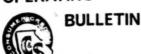
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- (4) A subsequent security interest in crops will take priority over a previously perfected security interest, provided the subsequent interest is acquired (a) for new value given to enable the debtor to produce the crops, (b) not more than three months before the crops become growing crops by planting or otherwise, and (c) to the extent that the earlier interest secures an obligation due more than six months before the crops became growing crops.
- 2. Lien Creditors As discussed under definitions, we know that this is the levying or attachment creditor and includes an assignee for the benefit of creditors, trustee in bankruptcy, etc. In determining priorities as between their interest and that of a secured party, we can consider the lien creditor as having an interest which is perfected as of the time the judgement is entered on the general execution docket, the assignment for the benefit of creditors is made, the trustee in bankruptcy from the date of filing the petition and receiver of equity from time of his appointment. The same rules set forth to determine priority between two secured parties will apply with the following exceptions:
 - A. A purchase money security interest in inventory is temporarily perfected for 10 days against a lien creditor but not against a conflicting security interest.
 - B. A lien creditor will not take priority over any security interest whether or not perfected if the lien creditor had knowledge of the existing security interest at the time he bacame a lien creditor.
- Other Buyers Whether or not our security interest would be lost to other buyers would be determined by the following rules:
 - A. Regardless of whether or not we are perfected we would lose our security interest to a buyer in the ordinary course of business. Note that this means a buyer from one who is normally engaged in selling that particular type of goods but does not include a buyer of farm products from a farmer or a buyer from a pawn broker.
 - B. In cases involving our purchase money security interest in consumer goods or farm equipment of \$2,500 or less value (except when we are "super-perfected" by filing), we would lose our interest to an individual who buys for his own personal, family, or household use, or personal farming operation provided he buys without knowledge of our security interest.
 - C. If our interest is in chattel paper, whether or not we have perfected by filing, then a purchaser if that chattel paper in the normal course



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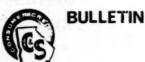
of business and without specific knowledge of our security interest would take priority over our claim.

- D. If our security interest is in goods, instruments, documents, or chattel paper, a buyer of these goods not in the ordinary course of business would still take priority over us, provided that the buyer gave value, received delivery of the collateral and had no knowledge of our security interest and provided that our security interest is not a perfected security interest. (If such buyer is a transferee in bulk, he would not take priority over us if ours was a purchase money security interest and was then perfected by filing within the ten day period.)
- E. Anyone that is not a secured party but purchases an interest in accounts, contract rights, and general intangibles as a transferee takes priority to the extent that he gives value without knowledge of the security interest and before the security interest is perfected.

4. Taxes and Other Claims

- Property taxes duly assessed on the subject collateral take priority over all security interest in the collateral.
- B. Liens for other state taxes will take priority over a security interest which is not perfected at the time execution for such taxes are entered on the execution docket. There is a conflict of opinion on certain portions of this rule; however, our attorneys feel that we can operate on this principle.
- C. Liens for other unpaid taxes will take priority over security interest, but only if execution of the lien is duly recorded before we perfect our security interest; also, any purchase money security interest, whether or not perfected, will always take priority over such liens.
- D. A year's support to the family duly set apart in collateral prior to the time we perfect our security interest would take priority over us.

The importance of perfecting a security interest has been dis-FILING TO PERFECT cussed as well as those circumstances where filing is necessary to perfect. As previously mentioned, a financing statement (the paper to be filed) must be signed by both the borrower and the customer. There is an important exception to this in that a financing statement covering property brought into Georgia from another state does not have to be signed by the borrower if the security interest was perfected in the other state. One other specific provision of the Code affecting a filing is that one which is made in the proper place in this state remains effective even though the debtor's residence, place of business, or the location of the collateral is thereafter changed. Keep in mind, however, that if the residence



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or other change involves a move from Georgia to another state, then we must follow to perfect in the other state since the laws of that state would then likely govern.

- What is Filing? This is tendering or presenting to the Clerk of Superior Court a financing statement along with the established fee, or, acceptance of a financing statement by the Clerk of Court.
- 2. Where to File? In Georgia, filing is to be with the Clerk of Superior Court and, of course, this applies only to transactions to be governed by Georgia law. The following rules will help in determining the county in which filing is to be made:
 - A. If the goods are, or are to become, fixtures, then filing should be made with the Clerk of Superior Court in the county where a mortgage on the real estate involved would be recorded.
 - B. In all cases other than when the collateral is fixtures, or vehicles to be governed by the Title Act, the proper county in which to file is:
 - (1) When the debtor is a resident individual, file in the county of his residence.
 - (2) When the debtor is a partnership, corporation or other business entity, or a non-resident individual, file in the county in which the principal place of business in Georgia is located. However, if there is no principal place of business in Georgia, then file in the county where the property is kept or used.
- 3. When to File? Filing should always be made as soon as practical since with few exceptions priority is given to the first to file. It is important to understand that filing can be made prior to the completion of other requirements to perfect in which case perfection dates from the time of attachment of the security interest.
- 4. <u>Duration of Filing</u> The financing statement may or may not show a maturity date; this is a matter of choice of the lender. If a maturity date is shown and is for five years or less, the filing is effective until 60 days after the maturity date. If no maturity date is shown, the filing is effective for 5 years. The perfection period can be extended by filing one or more successive continuation statements which can be filed within 6 months before or 60 days after the stated maturity date or 6 months before the expiration of a five-year effective period. A continuation statement does not have to be signed by the borrower, but it must reflect the <u>file number</u> of the original statement.



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When no maturity date is shown, filing of a continuation statement 6 months before the original statement lapses will result in perfection continuing for five additional years after the original expiration date; i.e., a financing statement showing no maturity date is filed on inventory for the purpose of a continuing lien which perfects for five years. Four and one-half years later a continuation statement is filed which continues perfection to the tenth year rather than for only five years after the date the continuation statement is filed.

5. Cost of Filing:

A. An original or continuation statement whether or not an assignment \$2.50 is included or indicated.

\$1.00

A termination statement.

- C. An assignment or statement of assignment accompanying a termination \$2.00 statement.
- D. A subsequent financing statement indicating an assignment of all or \$2.00 part of the rights.
- \$2.00 E. A separate statement of assignment. (Note that an assignment may be included in the original statement at no extra charge.)
- P. A statement of release of collaters !..

\$2.00

To obtain a copy of a filed financing statement from the Clerk of Court, it is necessary that the number of the financing statement be furnished to the filing officer.

None

RIGHTS OF ACTION AND OTHER REMEDIES IN EVENT OF DEFAULT

When our debtor is in default under a security

agreement, we may reduce our claim to judgement, foreclose, or otherwise enforce the security interest by any available judicial procedure. Or, we may repossess the collateral if this can be done without a "breach of the peace" and, if the security agreement so provides, we can require the customer to assemble the collateral at a place reasonably convenient to both parties. Normal procedures will not vary from those we have been following in the past with the exception of the disposition of the collateral. There are rather specific provisions and requirements which we must carefully observe in disposition of any collateral. Failure to observe these can result in rather severe penalties.

1. Sale or Retention of the Collateral - The Code provides that unless a debtor waives his rights after default, repossessed collateral must be sold or specific procedures followed to permit retention of the collateral. At any time



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before these things are done, the customer can reclaim the collateral by satisfying the unpaid balance plus costs.

A. Sale of the Collateral - Sale of the collateral may be by judicial sale, public sale, or private sale. We must give reasonable notice to the customer and in some instances to other interest parties of the sale or intent to sell. An exception to this is if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, then notice of the sale or intent to sell is not required.

Secondly, in the event of the sale of any collateral, we must account to the debtor for any surplus and are entitled to any deficiency unless the collateral is accounts, contract rights, or chattel paper, in which case we are entitled to a deficiency and have to pay any surplus only if so agreed in the security agreement. We may alter these rights in our security agreements.

- Judicial Sale When handled through the Courts, notice is not our responsibility.
- (2) Public Sale This is a sale by or on behalf of the secured party held at a specified time, date, and place (all being commercially reasonable). Advertisement of the intended sale must be placed in the paper where the sheriff advertises his sales in that area at least once each week for two weeks preceding the sale. The advertisement must specify the time, date, and place and describe the property to be sold. In addition to this advertisement, a reasonable notice must be given to the debtor and if the property is anything other than consumer goods, to any other person having a security interest in the collateral who has filed a financing statement indexed in the name of the debtor in this state, or who is known to have a security interest in the collateral. At such a sale we may bid and buy.
- (3) Private Sale If the sale is to be a private sale, that is a negotiated sale, reasonable notice must be sent to the debtor and to other interested parties qualifying under the conditions set out under (2) above. The notice must describe the collateral and state the date and time after which a private sale is to be held. A private sale must be commercially reasonable and we as a secured party cannot buy.
- (4) In addition to the requirement to sell, a special requirement applies to the situation where the collateral is consumer goods and the debtor has paid 60% of the cash price in a purchase



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money security interest or 60% of the loan in any other security interest and has not specifically renounced his rights under this article after default, then the secured party must dispose of the collateral by sale within 90 days.

- B. In all cases except where the collateral is consumer goods in which the customer has paid 60% of the cash price or 60% of the amount of the loan, we may, after default, propose to retain the collateral in satisfaction of the obligation. Written notice of such a proposal can be sent to the debtor and except in the case of consumer goods to other interested parties, and unless the debtor or other interested parties object in writing within 30 days then the collateral can be retained but the debtor's obligation is completely satisfied. In the event objection is received in writing, then the collateral must be disposed of by sale.
- C. If we release the collateral to our dealer or to any endorser, guarantor, or assignee, then all of our <u>rights</u> and <u>duties</u> pass with the collateral to the new holder and <u>must be observed by him</u>. Such a release or delivery is not considered a sale.

OTHER GENERAL BUT SPECIFIC DUTIES REQUIRED OF A SECURED PARTY

1. If the debtor sends to us a signed statement indicating what he believes to be the aggregate amount of unpaid indebtedness as of a specified date and requests that we approve or correct his statement and return it, we must comply with his request within two weeks after receipt by sending a written correction or approval. Likewise, the debtor may request us to approve or correct a list of the collateral claimed, and we must do so within two weeks; however, if the claim is a security interest in all of a particular type collateral, we can so indicate in our reply and not approve or correct the itemized list. The debtor is entitled to such a statement once every 6 months without charge, but we may assess a charge not exceeding \$10.00 for each additional statement.

Note: This does not apply to such a request from anyone other than the debtor himself and is no authority to give out confidential information on our customers.

2. If the debtor's obligation to us has been satisfied and we have no further commitment to make advances or to incur other obligations, we must on written demand by the debtor send to him a statement that we no longer claim a security interest under the financing statement which we must identify by file number. Such a termination statement must be signed by the person of record or include or be accompanied by the assignment or a statement by the secured party of record that he has assigned the security interest to the signer of the termination statement.

In the event that such a request for a termination statement is received by



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one who has transferred the security interest to another party such as one of our dealers transferring the conditional sales contract to us, then the one receiving the request must notify the debtor by disclosing the name and address of any successor in interest known to him, and he is liable for any loss caused by the debtor as a result of failure to do so. A successor in the interest is not subject to this section until the request is received by him.

3. The secured party must exercise reasonable care in the custody and preservation of collateral in his possession. This is no problem to us since this has always been done; however, the Code includes in this the responsibility of taking necessary steps to preserve rights as against third parties in instruments or chattel paper. This duty cannot be waived; however, it can be modified which has been done in the revision of our notes and security agreements.

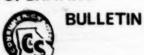
CONSUMER CREDIT OPERATING BULLETIN INDEX+

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^{*}Information on how to use guide, indexes, and bulletins is on the pink page in Sec.:

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SECTION OVER-THE-COUNTER

SUBJECT APPLICATION AND INTERVIEW

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Date 11-10-67

NEW BULLETIN:

Consistent with our concept of personal banking, C&S considers the personal interview to be the best means of obtaining information from consumer loan customers. The interview is a vital phase in the credit decision process. This bulletin suggests guidelines to be followed in personal interviewing. It covers the purpose of an interview, qualities of interviewers, preliminary stage-setting, introduction to the customer, the step-by-step securing of information using the discount sheet, and closing the loan.

Personal interviewing provides numerous advantages over the practice of some banks which allow the customer to fill out his own application before seeing a loan interviewer. The purpose of the personal interview is:

- To emphasize the bank's desire to be of personal service. This sales
 contact can result in a loan, but it can also result in selling additional
 bank services on the spot, and setting up a long-time customer who will
 use many of our services over the years.
- To get a first-hand apprecial of the borrower, thus aiding in the credit decision.
- To find out why the customer wants this loan, and to discuss the purpose of the loan to determine if the loan will serve his needs or accomplish his purpose.
- 4. To develop sufficient personal data and financial information.
- 5. To aid in the identification of the customer.

QUALITIES OF INTERVIEWERS

To be effective, loan interviewers should develop certain qualities:

- 1. The interviewer should know his produc; thoroughly and how to use his product knowledge to sell bank services. The interviewer must use every opportunity to sell specific bank services. The interview gives us a unique opportunity to sell because of personal facts and financial data brought out during the course of the interview. Any lack of confidence is usually imparted to the customer, so the interviewer must learn his forms, rates, and procedures, as well as his interviewing techniques. Occasional brush-up study and role-playing can be a wise investment. Nothing builds confidence better than knowledge and practice, which incidentally, is also known as experience.
- All loan requests should be approached from the standpoint of trying to make the loan a bankable proposition.
- The interviewer should develop the exercise of sound judgment and apply common sense to the loan request.
- 4. The interviewer should be well versed in public relations and human nature.
- The interviewer should be a student of both local and national economic conditions.

OPERATING BULLETIN

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NEW BULLETIN:

The interviewer must acquire skills in developing questions to bring out all the facts necessary for a proper credit decision. Many customers are unable to state their objectives clearly. Often the customer will tend to undersell his financial situation, due to failure to communicate or fear of approaching a bank for a loan. The alert interviewer will draw the favorable aspects of the loan application from the customer by careful and considerate questioning. Two areas of the interview that are most often obscured by the customer are namely, the purpose of the loan and the lists of debts the customer owes. Purpose of the losn, such as "to pay bills" is too general. Interviewers should bring out the specific names of creditors and the amount owed to each one.

Many interviewers have difficulty listening in an attentive manner without pre-evaluating the person's words according to the terms of their own frame of reference and experience. Too often, interviewers are too busy thinking of what they are going to say and drawing hasty conclusions to stop and listen to the customer intelligently. Don't jump to conclusions. Do give the customer the full benefit of undivided attention and thought. Try to see his problem from his viewpoint as well as our viewpoint.

A few customers may show resentment to an interviewer's questions. Generally, a tactful explanation of the reasons for the information requested will suffice to overcome the customer's reluctance. If the borrower realizes that his objectives are understood, and that we have a sincere desire to help him, he will usually cooperate to the extent desired.

PROCEDURE

Interviewing of loan customers should take place in an atmosphere of privacy. Without reasonable privacy, a customer will not talk freely. In addition, steps should be taken to reduce interruptions to a minimum. For example, the interviewer should answer his telephone, but tell the celler that he has a customer - then ask if he can take his number and return the call a little later. If at all possible, the receptionist should introduce the customer to the interviewer and bring the customer's credit file, if available, to the interviewer. The interviewer's deak should be stocked with supplies for all C&S services. Smoking should be at the customer's option, not the interviewer's.

"non being introduced to the customer, the interviewer should be certain to underscand the customer's name correctly, and write it down on the Discount Sheet as the interview begins. Use of the customer's name throughout the conversation is important. The first few moments of the interview are significant in establishing proper communications with the customer. The interviewer should welcome the customer, make him feel at ease, and give the impression that the customer is doing the bank a favor by applying for a loan. He should control any nervous mannerisms which might suggest a lack of confidence to the customer. Every interview should be approached with an attitude of personal interest in the borrower. The customer's request may seem insignificant, but the interviewer should never convey that impression.



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The Discount Sheet is the basic guide used in interviewing. The Discount Sheet is a means for billing, and also the gathering of personal and financial data to be verified by credit investigation. The following are sections of the Discount Sheet which are important to the credit decision and should be completed <u>legibly</u>:

 NAME - The customer's <u>full</u> name is needed for billing purposes, and for proper credit investigation. Caution should always be exercised to be certain that the customer is properly identified.

2. ADDRESS - Certain areas present marginal credit risks, such as slums and transient neighborhoods. Accuracy of address is necessary for billing and also for credit verification. Four lines of 22 spaces each are available for name and address. This allows us to handle names of joint makers, and unusually long addresses, such as overseas addresses. There is no reason not to get a full address, including ZIP code. When a P. O. Box is given, you should also obtain an address sufficient for physical location of the customer.

AGE - Maturity of the individual is an important credit consideration.
 The borrower must have legal capacity to sign a note. Showing the age on the application is necessary for insurance purposes, also.

 PREVIOUS ADDRESS - Location of the customer's previous address aids in credit investigation, particularly if the customer has moved in from out-of-town.

5. TELEPHONE NUMBER - Telephone numbers of both the customer's residence and employment are most helpful in the event of collection or other contact needed with the customer. Absence of a telephone is a red flag, requiring a closer evaluation of the customer's credit. In many cases, an unlisted telephone number is a red flag, also.

6. WIFE'S NAME - This information assists in credit verification and also

in the event of skip tracing.

NUMBER OF DEPENDENTS - The number of dependents which a borrower supports
bears directly on the customer's ability to repay. Interviewers should
be aware that customers often neglect to include dependents other than
children.

8. NEAREST RELATIVE - This information is vital in tracing a customer who has skipped. Be certain to obtain the name of a relative not living with the customer, and if possible the relationship, address, and a telephone number. Where we do not know the customer well, it is best to obtain the names of relatives of both the husband and the wife.

9. EMPLOYER - Employment should be verified with the employer whenever it has not been verified through our own files, or an agency report. Verification will aid in evaluating the employment skill of the customer and his permanency of employment. If the customer is employed by a large organization, his badge number or department number, and the name of his immediate supervisor should be listed on the Discount Sheet. If he is in the armed services his serial number should be on the Discount Sheet.

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NEW BULLETIN:

10. INCOME - Net income after payroll deduction should be verified with the employer. If the customer states that he has other income, the reliability of the source should be determined along with some idea of the degree of regularity with which the customer receives it.

 FORMER EMPLOYMENT - If the customer has been on his present job less than one year, his previous employment should be checked to determine length of

service and reason for leaving.

 PURPOSE AND AMOUNT - Answers in this area provide one of the keys to whether we have a bankable loan. Avoid any hesitation about careful inquiry into

the purpose of the loan.

13. BANK ACCOUNTS - Knowledge of the bank accounts the customer has is important because it represents assets upon which he can rely in the event of financial difficulty. If the accounts are with another bank, or savings and loan association, we have a perfect opportunity to solicit these accounts for our bank.

14. REAL ESTATE - Ownership of property is evidence that the customer has some stability and also may own a substantial equity in the property. Interviewers should inquire whether the customer's real estate payments include taxes and

insurance.

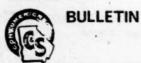
- 15. DEBTS Careful interviewing is most important in this area. Interviewers must approach this portion of the interview with the assumption that the customer has debt. Questions concerning debts outstanding should include inquiries such as:
 - a. Do you own an automobile?
 - b. Where is it financed?
 - c. Do you have any credit union debt?
 - d. Do you owe any book clubs?
 - e. Do you owe any oil companies?
 - . Do you owe any mail-order companies?
 - g. Do you owe any finance companies?
 - h. Do you owe any other debts?

Some of these questions may bring out debt information that you would not have secured through a credit bureau report.

Chack the Discount Sheet thoroughly to determine that you have sufficient information while the borrower is still present. If additional information will be needed before ing a credit decision, be certain to let the customer knew this, so that he will understand any delay in your decision.

Be sure to get good identification from your customer, preferably a driver's license and another type of card that has a signature on it.

No loan commitments should be made before assembling all the facts and verifying them through credit investigation. Once a statement of commitment is made or implied by the interviewer, the customer is entitled to conclude that the loan will be made.



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Revision of Page 5 only of Bulletin: OVER THE COUNTER - APPLICATION AND INTERVIEW - Dated 11-10-67

Basically, the Discount Sheet will suggest most of the information which should be brought out in the interview. Additional facts necessary to render a credit decision should be developed consistent with good judgment. DO NOT LEND ON THE BASIS OF YOUR IMPRESSIONS OF THE BORROWER, WITHOUT GATHERING FACTS AND VERIFYING THEM TO SUPFORT YOUR CREDIT DECISION.

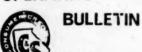
CHECKLIST FOR CLOSING LOANS

Attention and follow-through on these items should result in properly closed loans.

- 1. DO NOT RUSH.
- Review the terms of the loan with the customer. You can do this by recapping, in order, all of the numbered blocks on the note, plus the payment schedule and insurance selected or refused.
- 3. Explain how and where he is to make his payments. If he has a checking account with us, sell him on having payments charged to his account as they become due. If the customer does not bank with us, this presents a splendid opportunity to get a new account -- either Special or Regular checking account. From the customer's standpoint, convenience is the main selling point:
 - a. He does not have to mail the payment or come into the bank to make the payment.
 - b. Reduced cost of postage and/or checks.
 - c. Money will be deducted from his checking account at a time of the month when he has just made a deposit. (No temptation to spend money before he writes us a check or comes in.)
 - d. Debit ticket in his statement acts as receipt.
 - e. Date of automatic charge can be changed in the case of vacations, customer to be out of town or emergency. All that is necessary is that he notify us a few days prior to the regular charge date. All that he needs to do is to tell you he wants it done - then the discount sheet is checked and filled in as shown here:

* MORE TO PARCETOR ACCT.

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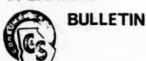
Addition of Page 6 to Bulletin: OVER THE COUNTER - APPLICATION AND INTERVIEW - Dated 11-10-67

NOTE: Offices not yet on computer should continue handling just as in the past.

- 4. Always wrap up all of the details of the loan while the customer is still in the bank. Any collateral taken should be in proper order along with all necessary signed documents to perfect the bank's security interests, including any other papers incidental to the transaction. Followup cards for return of assignments, liens on title certificates and recorded financing statements should be made. Review all details of the loan so that contact with the customer for additional signatures and information is not necessary.
- Closing the loan provides the interviewer with an excellent opportunity to sell other bank services as well as encourage the customer to return again when further borrowing is needed.
- Give the customer your business card so that he will have someone to contact the next time he needs banking services, and <u>thank him for the business</u>.

RELATED BUILLETINS:

LENDING GENERAL - CREDIT INVESTIGATION LENDING GENERAL - DISCOUNT SHEET



SECTION OVER-THE-COUNTER

SUBJECT AUTOMOBILE LOANS

TOPIC

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Date 12-19-67

NEW BULLETIN:

Direct automobile loans represent the largest single classification, percentagewise, of our total consumer loan outstandings, and are among the most desirable in the bank's portfolio. Comparatively large amounts and longer maturities combined with an adequate rate, low loss ratios and comparatively low collection costs result in an excellent return. In addition, the auto loan is repetitive, opening the door for future loans and providing more opportunities to cross sell other bank services. Next to the home, the automobile represents the largest investment the average consumer will make, and is an important part of providing complete "family banking." This bulletin sets forth the key points in financing an automobile.

CLASSIFICATION

- Any loan secured solely by an automobile, regardless of the purpose of the loan, will be classified as an automobile loan.
- If more than one type of security is carried on the loan, then the security with the greater value determines the proper classification.

CREDIT REQUIREMENTS

The value of the car being financed is an important factor in considering automobile transactions; however, any guidelines used must be tempered with judgment. The decision making factors in considering an automobile finance transaction, in order of importance are:

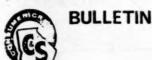
- Creditworthiness of the purchaser or borrower. His credit background must show;
 - a. Sufficient income he should have enough income to pay all present expenses and obligations plus this car payment.
 - b. Job and residence favorability.
 - c. A marked tendency to pay obligations as agreed. A partial indication of this should be the absence of derogatory information in the credit file report.
- 2. Down-payment (equity).

The use of a down-payment percentage in determining true equity in automobiles can sometimes be misleading. The use of the "list" or "sticker" price by new car dealers allows room for cash discounts and over-allowances on used cars. Where the amount of equity is a deciding factor, the following formula should be used to determine "true" equity and the advance adjusted accordingly:

List Price as Shown by Invoice:

Cash Selling Price \$2,800
*Down-Payment (including trade in) 900 (33%)
Requested to Finance \$1,900

*This figure will be placed in the "down-payment" space provided on the discount sheet.



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NEW BULLETIN:

As Recomputed:

Black Book "Clean Sales Price" 300 of Trade-in 100 Cash 400 Total Down-payment 900 Requested to Finance Adjusted Selling Price \$2,300

Actual equity based on true values is only 17% and additional down-payment may be needed, depending on the credit factors involved.

3. Collateral value of the automobile (wholesale or dealer cost). For the sake of consistency, our guidelines, for the maximum amount that should normally be advanced, are based on dealer cost of a new car or the NARC (Black Book) loan value of a used car.

Since June 1, 1967, the Black Book has been our guide in determining automobile values and for identification. It is a new service of the National Auto Research Company, Inc., Gainesville, Georgia. The Black Book is now being used by the majority of automobile dealers and lenders in our area because used car prices, based on weekly auction sales, are more realistic than NADA. New car valuations have been condensed to the major items affecting resale value, which should materially reduce the time needed to evaluate a new car transaction. To determine dealer cost, merely deduct 10% from the "dealer Whise + 10%" column on both the automobile and accessories. Also, we can predict the depreciation ratio of a particular model auto, based on actual depreciation of same model a year older.

ADVANCE AND TERMS

New Cars:

*Advance - Dealer Cost Terms - 36 Months

Used Cars:

*Advance - Black Book Loan Value

Terms:

- 30 Months 1 Year Old Models

2, 3, & 4 Year Old Models - 24 Months - 12-18 Months 5 Years Old and Older

*This amount will be placed in "NADA/Dlr.Cost/Value" space provided on the discount sheet.

rtures from these guidelines should be based on above average credits.



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NEW BULLETIN:

EXTENT OF INVESTIGATION

The number and degree of apparent favorable credit and equity factors will determine extent of investigation. The first place to check is in our own credit files, or CIF, as applicable, following through to determine total bank indebtedness. This is to be done, without exception. You may be able to get a fairly current credit report from one of our own departments. Further credit investigation will be a matter of judgment. In most cases, you will want to secure a credit bureau file report, and determine then if you want further employment verification and trade reference updating.

APPRAISAL

An appraisal of a used automobile should be made whenever possible to determine the fact of existence, condition of the car in relation to loan value, and to obtain serial numbers. Certain conditions may justify waiving an appraisal, however, it is strongly recommended that appraisal be made when:

- 1. An over-advance is considered.
- When purchase is being made from a dealer whose reputation is unknown to you, or questionable.
- 3. When we are refinancing a loan for the purpose of reducing payments.
- When the loan is for debt consolidation and the auto is the major part of the collateral.
- 5. When the customer's credit background is somewhat lacking in strength.

The Appraisal Sheet (19-971 Rev. 3-55), is to be used for this purpose. See Over-The-Counter, Automobile Loans, Auto Appraisal Sheet.

RELATIONSHIPS WITH DIALERS AND SALESMEN

Most locations have valuable relationships with dealers and salesmen who refer customers to us. Such referrals in many cases come about because the car dealer was unable to get the transaction financed for the customer through his usual sources, consequently, it behoves us to be especially careful in it analysis of these situations. Although these are not sales finance dealers, they are an important continuing source of business for us. Here are some pointers that may aid in steadying such relationships.

DON'T

- Quete dealer cost to a cuscomer, or even bring up the subject.
- Tell a customer, "That's too much money to pay for that car."

DO

- If the customer is "pushing" the subject, tell him that cost information is confidential, or "not available."
- 2. Talk in terms of our maximum loan on that model car.
 Price and profits are the concern of the customer and

with the customer's credit and

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NEW BULLETIN:

- Don't allow dealers and salesmen to get the customer to sign the note at the dealer's place of business.
- Have notes signed in the bank in the presence of of the interviewer. This eliminates certain elements of fraud.

PURCHASE

Dealer: Purchase from a dealer requires three steps prior to disbursement of funds.

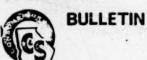
- Contact dealer to ascertain trade-in and/or cash down payment and amount to be financed.
- Since the dealer makes the application for certificate of title, you will have to inform him of the correct name and address of the lending office to be shown as lienholder.
- 3. Obtain description of auto and I. D. number.
- 4. See Disbursement section of this bulletin for payment of funds.

Individual: Purchase from an individual requires an early determination of whether a lienholder exists. If there is no lienholder - (seller has title certificate):

- Get buyer and seller into the bank together, with all papers necessary to transfer title and registration to the new purchaser.
- Complete the reverse of the Owner's Certificate of Registration and have the seller sign it in a notary's presence. (There is a \$.50 transfer fee.) Be certain to enter C&S as new lienholder, showing amount.
- Forward the Owner's Certificate of Registration to the Motor Vehicle Unit for issuance of a new title.
- 4. See Disbursement section of this bulletin for payment of funds.

If a lienholder exists:

- 1. Ascertain indebtedness on the auto, and to whom.
- Obtain a net payoff. (Be sure you have enough loan proceeds to pay off lienholder.)
- Disburse funds jointly. Check for outstanding balance on lien should be made out to lienholder, buyer, and seller. Buyer and seller should endorse.
- Forward check to lienholder and request that title be forwarded to us, along with cancelled papers.



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NEW BUILLETIN:

Have seller sign a T-8 power of attorney form which enables us to sign in his behalf for transfer and titling purposes. This eliminates the need for the seller to return to the bank to sign a title transfer application.

6. Have buyer sign a MV-1 form in blank, which is held by us until

we receive the title from the lienholder.

7. Upon receipt of title certificate from lienholder, we then sign, per the T-8 power of attorney, the seller's name (adding P.O.A.), and attach a copy of the T-8. This and the completed MV-1 form should then be sent to the Motor Vehicle Unit for issuance of a new title certificate.

This will occur for three reasons - (1) to get additional money, or (2) to reduce payments, or (3) both.

If the car is already financed by C&S:

1. Determine what location has the loan.

2. Get the net payoff.

3. Disburse funds by check to the branch that holds the lien.

Since we are already listed as lien-holder on the title. simply request the title certificate from the branch presently holding it.

If the car is financed elsewhere:

1. Determine who has the lien.

2. Obtain net payoff.

Issue check jointly to customer and lien holder.

Have customer endorse check and forward to lienholder with letter requesting title certificate be forwarded along with cancelled papers.

5. Have customer sign a MV-1 form and hold until title

certificate is received from lienholder.

6. Upon receipt of title certificate, forward it and the completed MV-1 form to the Motor Vehicle Unit for issuance of new title certificate.

DISCURSIMENT

1. The joint check is the preferred method of payment. Depending on type of purchase, payees should be - dealer and purchaser; buyer, seller, and lienholder; buyer and seller.

2. The check payable to purchaser is acceptable if we have secured a signed Borrower's Authorization (19-889 Rev. 6-55).

E- 1476



BULLETIN

SECTION OVER-THE-COUNTER

SUBJECT AUTOMOBILE LOANS

TOPIC

Page 6 of 7

Date 12-19-67

NEW BULLETIN:

3. Funds may be deposited to the customer's checking account.

 A purchase draft may be issued when credit has been approved and customer has already signed a note for a specific amount of money.

DOCUMENTATION

1. Completed Discount Sheet (19-898 Rev. 5-66),

2. Completed Automobile Note-Security Agreement.

 If funds are to be disbursed other than to borrower, secure signed Borrower's Authorization (19-889 Rev. 6-55).

PERFECTING OUR SECURITY INTEREST

 On all 1963 and later model cars, our security interest has been perfected when we are shown as lienholder on the title certificate.

 On 1962 and earlier models, we perfect our security interest by filing a T-3 Notice of Lien or Security Interest. The T-4 Request to Revenue Commissioner to cancel security interest is also required from a lienholder whom we are paying.

 Except as noted above in (2), procedures for perfecting our security interest have been stated in this billetin in each financing situation.

INSURANCE REQUIREMENTS

It is an accepted fact that automobiles that are pledged as collateral must be adequately insured against loss or damage. This is cound business practice for the borrower as well as the lender. In connection with C&S automobile loans:

- Comprehensive and at least \$100 deductible collision insurance is mandatory.
- We require a copy of the insurance policy with our interest named in the policy.
- Liability insurance is not a loan requirement, but our customers should be encouraged to have this coverage for their own protection.
- The customer should be encouraged to include insurance for the full term of the loan.

It is important that we point out the customer advantage of full term insurance -- no annual or semi-annual premium coming due at a time that may not be convenient -- financing the total amount provides insurance protection without lapse for the period of the loan. The insurance premium can be financed as part of the automobile loan on a monthly basis. The total payment can be paid direct or deducted from a checking account. Additionally, the customer has the advantage of not being subject to any increase in rate during the policy period. From our own standpoint, insurance for the term of the loan decreases cost of handling and increases our profit by virtue of the additional amount financed.



BULLETIN

SECTION OVET . THE-COUNTER

SUBJECT 'AUTOMOBILE LOANS

TOPIC

Page 7 of 7

Date 12-19-67

NEW BULLETIN:

INSURANCE FOLLOWUP

This coverage is no longer available on loans made after 12-31-67. See Insurance - Coverage Failure, dated 12-4-67 for followup procedure.

CLOSING THE LOAN

Automobile Note and Security Agreement

- This form should be signed by the borrower with the appropriate block indicated as to whether the automobile is to be used for personal or business purpose.
 - a. Personal If an auto is used less than 50% of the time for business purposes, this block should be checked.
 - b. Business This block should be checked if the vehicle is used more than 50% of the time for business purposes -that is, if the vehicle is used primarily during the day in the operation of the driver's business or profession.
- Descriptions of Automobile(s) must be exactly the same on all papers pertaining to the loan.
- Statement of Insurance on back of note must show what coverage is used.

CHECKLIST TO USE BEFORE CLOSING AUTO LOANS

- 1. Use proper rate and terms.
- Add the exact documentary fee to amount financed and compute interest on that amount. Do not show the documentary fee in amount financed on discount sheet.
- 3. On new cars, get serial number and motor number before you give customer
- money. If a draft is used, the dealer should fill in information on back.

 4. Always check Black Book and indicate value of car and over-advance on discount sheet. Show purchase price, down-payment or trade-in and % down.
 - 5. Get company name and address, and agent's rese of customer's insurance company. Call agent to verify coverage. Require at least \$100 Deductible and Comprehensive. Also give the agent the exact bank name and address to be shown on policy.
- 6. Get information from customer for Statement of Insurance.
- 7. On titled auto, get customer to sign all necessary forms and be sure that we can get title. If auto is being bought from reputable dealer, he will get it. If auto is purchased from individual, have customer bring title, properly assigned to him, to bank before you give him money. Be sure existing liens are released and we have all necessary documents to obtain title.

RELATED BULLETINS

INSURANCE - COVERAGE FAILURE - Dated 12-4-67.

OVER-THE-COUNTER - AUTOMOBILE LOANS - AUTO APPRAISAL SHEET - Dated 10-17-67



BULLETIN

SECTION

OVER -THE -COUNTER

SUBJECT

AUTOMOBILE LOANS

TOPIC

AUTO APPRAISAL SHEET

Page 1 of 2

Cate 10-17-57

Replaces Bulletin: "AUTOMOBILE LOANS - AUTO APPRAISAL SHEET" Dared 1-11-47

The Automobile Appraisal Sheet (19-971 Rev. 3-55) was revised in 1955. This bulletin has been retirent to include those changes, and to provide a complete illustration of the seed form.

USE OF APPRAISAL SHE.

This form should be used on all Over-The-Counter used automobile loans, and whenever any automobile is repossessed for ourselves, a dealer, or as a Foreign Claim. When used for repossessions where the vehicle is to be stored, be sure to have the completed Appraisal Sheet signed by a representative of the storage concern.

We should continue to base our used car advances on the "Loan Value" as reflected in current N.A.D.A. publications. With few exceptions cars should be inspected to determine their condition, and a combination of the N.A.D.A. "Loan Value" plus the condition of the car will help determine the proper advance.

FILING AND ORDERING OF THE APPRAISAL SHEET

After the loan has been made, the Appraisal Sheet should be filed with the other papers covering the loan in the customer's folder.

Your requirements of this form may be obtained in the usual manner from the Purchasing Department in Atlanta.

SECTION

OVER -THE -CO'INTER

Page 2 of 2

SUBJECT

AUTOMOBILE LOANS

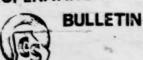
TOPIC

AUTO APPRAISAL SHEET

Date 10-17-57

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	DESCRIP	TION	
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	56		-
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MOTOR NO	136-100	1000	
SERIAL NO.	Same		
DCENSE NO.	- 5076	-64	
1	14,92		
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OVER THE COUNTER

SUBJECT

AUTOMOBILE LOANS

TOPIC

INSURANCE FOLLOWUP

Pone

1 of 8

Date 12-14-70

NEW BULLETIN

Our customers have a continuing responsibility to us to furnish us with evidence of adequate insurance coverage on the collateral. Wording in our notes creates this insurance obligation, and empowers us to administer insurance monies and obtain insurance coverage when the customer has failed to do so. We frequently have to exercise those rights.

This bulletin covers the recommended followup routines for Over-The-Counter locations. The followup principles and methods involved here are very similar to those of our collection followup routine. Early stage followups are made by the insurance Followup Clerk. Later followups are to be made by the adjuster, who must exercise credit and collection judgment in connection with his followup. This is the "Personal Handling" stage. This procedure makes it clear that personal handling is the adjuster's responsibility - to conclusion.

USE OF FORM LETTERS

Please use no form letters other than shown or mentioned in this bulletin.
Policy identification, routing, etc. will be expedited by following these standardized procedures. Use of two of these form letters, for instance, (38-1280 and 38-1285)* will (1) reduce initial insurance followup with the customer, and (2) eliminate the need for an insurance policy or copy of the policy. The properly executed form letter returned from the insurance agent can be placed in the customer's file in lieu of the policy or copy of policy.

*Stock numbers 19-1280 and 19-1285 can be used until present supplies are exhausted.

NEW TRANSACTIONS

POLLOWUP

WHEN THE INSURANCE IS ORIGINALLY PLACED THROUGH THE C&S AGENCY, order coverage using the procedure outlined in the bulletin: INSURANCE - AUTONOBILE PHYSICAL DANGE. No followup is required of the branch, unless the account requires personal handling. When this occurs, C&S Agency will refer the account to the branch with instructions.

WHEN CAS IS FINANCING BOTH THE VEHICLE AND THE INSURANCE COVERAGE, AND THE ACENT IS OTHER THAN THE CAS AGENCY, this is the procedure:

 Pay the insurance coverage with a Cashier's check payable to agent or company, with following endorsement stamped on back:

"By endorsing this check, the payee warrants and agrees that the coverages outlined to the payee in drawer's transmittal letter describing this check have been provided, and all conditions in that letter have been or will be met."





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INSURANCE FOLLOWUP

Page

2 of 8

Date 12-14-70

NEW BULLETIN

Prepare form letter 38-1285, Premium Transmittal and Insurance Confirmation Request in duplicate. See sample on page 3.

tion Request in duplicate. See sample on page 3.

3. Send original to customer's insurance agent, including a return envelope.

Copy goes to customer's file.

 Prepare Insurance Followup Card #38-1060-0 (shown below) and suspense for 20 days.

Pres	icy No Expiration	Date	
Name		Loan Date	
No.	Follow-up Description	Follow-up No.	Follow
1	38-1280 Insurance Confirmation Request	and Date Made	Next On:
1.	Premium Transmittal and Insur- 38-1285 ance Confirmation Request		
	"Second Request" and copy to customer or telephone call (TC) to agent		
3	Insurance Notice #1		
4	Insurance Notice #2		
5	Given to for personal follow-up	- N	
6			

5. When the agent's letter or policy comes in:

a. Check the information on the letter (or policy) for adequacy of coverage - type, amount, period, and premium paid. If a difference exists, refer immediately to the branch manager.

b. If the policy is <u>continuous</u> (one that is renewed automatically upon payment of premium), write on the Insurance Followup Card in the "Expiration Date" section: "Continuous Renewal", and initial it.

c. Staple the Insurance Followup Card to the policy or to the Premium Transmittal and Request Insurance Confirmation Request (38-1285). File in the customer's folder to make it readily apparent that the insurance is on a continuous basis.

d. If the policy has an expiration date, keep the card in the Insurance Followup Card tray under the followup date, which should be 10 days prior to expiration date.

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OVER THE COUNTER

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AUTOMOBILE LAANS

INSURANCE FOLLOWUP

Date

12-14-70



Date

Customer Address City Make of Vehicle Year Body Style I. D. Number

This vehicle is piedged to us as security and the right to receive payment of claims or of return premium under this policy, or any renewal thereof has been assigned to us. We request that the policy or any renewal thereof have attached Loss Payable Form NAUA 51 or its equivalent in favor of CAS as security holder and provide that we will be given ten days advance notice in the event of cancellation of the policy.

Please do not send us a copy of the policy. We will appreciate your furnishing the information requested below by returning this letter to us promptly in the enclosed pre-addressed envelope. No postage will be necessary

If the coverage cannot be pieced please return the check to us promptly. Thank you very much.

To: The Citizens and Southern _

The customer named above has coverage on the vehicle as described on the policy issued as follows

Name of Company ___

Policy Number

_ Policy Period _

Coverages: (Comp.) (Fire) (Theft) 8_____

__ Deductible Collision _____

This policy provides that any loss under these coverages is payable as interest may appear to the named insured and

The Citizens and Southern and that CaS wit, be given ten days advance notice in the event of cancellation of the policy. Also, Loss Payable Ferm NAUA 51 or its equivalent is now attached to the policy.

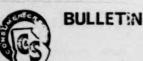
Name .

Agency

By_

E-1483

19-1295 Rev. 12-70



SECTION OVER THE COUNTER

SUBJECT

AUTOMOBILE LOANS

TOPIC

INSURANCE FOLLOWUP

Page

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Date .12-14-70

NEW BULLETIN

6. If the letter is not answered in 20 days, refer the account to the person making loan for personal handling. Note the date referred and lenders initials on the Insurance Followup Card. It is the lender's responsibility to continue to follow up to secure evidence of insurance. If such evidence is not received within 10 days the follow up clerk will notify the person preparing The Potential Loss Report. IT SHOULD BE LISTED ON THE NEXT POTENTIAL LOSS REPORT. See "Personal Handling" later in this bulletin.

WHEN THE CUSTOMER IS FURNISHING INSURANCE COVERAGE AND THE PREMIUM IS NOT A PART OF THE LOAN TRANSACTION, the Insurance Followup Clerk should:

- 1. Prepare form letter 38-1280, Insurance Confirmation Request, in quadruplicate. See sample on page 5. Send the original to the customer's agent (using information on discount sheet), including a return envelope. File the other three copies in the customer's folder.
- 2. Prepare Insurance Followup Card #38-1060-0 and suspense for ten days.

When the agent's letter or policy comes in:

a. Check the information on the letter (or policy) for adequacy of

coverage - type, amount and period.

If the policy is continuous (one that is renewed automatically upon payment of premium), write on the Insurance Followup Card in the ixpiration Date section: "Continuous Renewal". Staple the Insurance Followup Card to the policy or to the Insurance Confirmation Letter (38-1280). File in the customer's folder to make it readily apparent that the insurance is on a continuous basis.

If the policy has an expiration date, keep the card in the Insurance Followup Card tray upder the following date, which should be 10 days prior to expiration date.

If we have not gotten response in ten days, take the three copies of the form letter 38-1280 from the customer file and type on the upper right hand corner in capitals "SECOND REQUEST". Send one copy to the agent and one copy to the customer along with the 3x5 card that asks the customer for help in following up his insurance agent. This is form #38-1065-0, Confirmation Assistance Request (shown below). You will then be left with one copy of the form

> IMPORTANT . . . To you and to us! This is the second time that we have asked your insurance agent for the necessary information on your automobile insurance. You can help by contacting him and asking him to answer right away. Thanks.

38-1065-0 12-70 **E-1484**

SECTION

OVER THE COUNTER

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SUBJECT

AUTOMOBILE LOANS

TOPIC

INSURANCE FOLLOWUP

Date 12-14-70



Year Body Style I. D. Number

We have financed an automobile for the above customer, who has indicated he will secure a physical demage issurance policy from ,ou on the vehicle described above

This vehicle is piedged to us as security and the right to receive payment of claims or of return premium under this policy, or any renewal thereof has been assigned to us. We request that the policy or any renewal thereof have attached Loss Payable Form NAUA 51 or its equivalent in favor of C&S as security holder and provide that we will be given ten days' advance notice in the avent of cancellation of the policy.

Please do not send us a copy of the policy. We will appreciate your furnishing the information requested below by returning this letter to us premptly in the enclosed pre-addressed envelope. No postage will be necessary Thank you very much.

To: The Citizens and Sout	harn			_
The customer named above	re has coverage on the vehicle as	described on th	e policy issued as follows:	
Name of Company				
Policy Number	Policy Pertod		Promison Daid &	
	Policy Period			
Coverages: (Comp.) (Pire) (Theft) S	Deductible Collis	ion	
Coverages: (Comp.) (Deductible Collis	ion	
Coverages: (Comp.) (This policy provides that as The Citieses and Southern	Fire) (Theft) S ny loss under these coverages is pe	Deductible Collis syable as interest	ion to the named inst	ired an
Coverages: (Comp.) (This policy provides that as The Citizens and Southers and that CaS will be given	Pire) (Theft) S	Deductible Collis	ion to the named inst	ired an
Coverages: (Comp.) (This policy provides that a The Citizens and Southers and that CaS will be given	Fire) (Theft) 5	Deductible Collis	ion to the named inst	ired an
Coverages: { Comp.} (This policy provides that a: The Citizens and Southers and that CaS will be given form NAUA 51 or its equi	Fire) (Theft) \$	Deductible Collis	ion to the named inst	ired an
Coverages: { Comp.} (This policy provides that a: The Citizens and Southers and that CaS will be given form NAUA 51 or its equi	Fire) (Theft) 5	Deductible Collis	ion to the named inst	ired an
Coverages: (Comp.) (This policy provides that a The Citizens and Southers and that CAS will be given Form NAUA 51 or its equi	Fire) (Theft) \$	Deductible Collis	ion to the named inst	ired an



BULLETIN

SECTION OVER THE COUNTER

SUBJECT

AUTOMOTILE LOANS

TOPIC

INSURANCE FOLLOWUP

Page

6 of 8

Date 12-14-70

MEN BULLETIN

38-1280, which should remain in the customer,'s folder. Indicate your followup on the insurance followup card and the next followup date, and suspense for ten days. When there has been on response at the end of this second ten-day period, refer the account to an adjuster for personal handling. Note the date referred and adjuster's initials on the Insurance Followup Card. ADD TO THE POTENTIAL LOSS REPORT. See "Personal Handling" later in this bulletin.

CANCELLATION AND RENEWAL FOLLOWUP

After original insurance placement, there are three situations that will prompt us to follow the customer for coverage:

Cancellation. Insurors are legally bound to notify insured lienholders of cancellation at least 10 days before date coverage will terminate.

2. Expiration. Policy expires during life of loan. Most companies notify the lienholder of the expiration if they do not intend to renew. Since all companies do not do this, we must rely on our Insurance Followup Card, which should come up 10 days before expiration.

3. Non-payment of renewal premium on continuous policies.

All three of these situations can be handled with just two form letters. Here is the procedure:

As soon as notice of cancellation or non-payment of renewal premium is received, the Insurance Followup Clerk should immediately:

1. Send Insurance Notice #1 shown on page 7.

2. Prepare Insurance Followup Card, note the followup performed and next followup date, and file the card on the termination date.

3. On the termination date send Insurance Notice #2 shown on page 7.

Suspense for 20 days.

4. At the end of this period, if no confirmation has been received, refer the account to the adjuster for personal handling. (See Personal Handling section).

PERSONAL HANDLING

The adjuster uses his own judgment in efforts to contact the customer and, in order of desirability:

- 1. Get the customer to furnish dual interest coverage immediately.
 - Through C&S Agency, debiting the account for the premium, or,

b. Through an outside source.

Place single interest coverage, charging his account.

Repossess the vehicle.

SECTION . OVER THE COUNTER

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SUBJECT

AUTOHOBILE TOANS

TOPIC

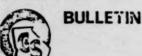
INSURANCE POLLOWUP

Date 12-14-70

INSURANCE NOTICE #1	
Dear	
Your insurance company has notified us that will terminate on becs	your automobile insurance use:
Please contact your insurance agent promptly	and secure proper cover-
age. Also, please ask him to furnish us wit showing as loss payee:	h a copy of the policy,
age. Also, please ask him to furnish us wit showing as loss payee:	If we can help, just call
age. Also, please ask him to furnish us wit showing as loss payee: He should send it to my personal attention.	h a copy of the policy,

1	INSURALICE NOTICE	<u>•2</u>
Dear		4
yet received accept	your agreement state	. We have not erage from your agent. The that you will provide insur-
Please call me at o	mce so we can discusi	a satisfactory solution.
Please call me at o	mce so we can discuss	Sincerely,
Please call me at o	mce so we can discuss	
Please call we at o	mce so we can discuss	

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SECTION OVER THE COUNTER

SUBJECT AUTOMOBILE LOANS

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TOPIC

INSURANCE POLLOWUP

Fage

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Date 12-14-70

NEW BULLETIN

The adjuster is expected to use whatever telephone calls and/or letters necessary to conclude this account. He should be familiar with all of the automobile physical damage insurance program bulletins. Once he has received the assignment from the Insurance Followup Clark, it continues to be his responsibility until he has received written confirmation of the evidence of insurance. IF UNABLE TO SECURE COVERAGE WITHIN 10 DAYS, LIST THE ACCOUNT ON THE NEXT POTENTIAL LOSS REPORT. If it is secured, he should see that it is not listed on the Potential Loss Report, and then give the coverage information to the Insurance Followup Clerk, who should:

- Note expiration date information in the "Expiration Date" section of the Insurance Followup Card.
- 2. File the card for 10 days prior to expiration date.
- 3, File the letter or policy in the customer's file.

ORDERING FORMS

Here is a listing of all forms and supplies mentioned in this bulletin, and how obtained.

FORM NO.	DESCRIPTION	ORDER FROM		
38-1280-0 38-1285-0	Insurance Confirmation Request Premium Transmittal & Insurance	Atlanta "	Purchasing	g Department
38-1065-0 38-1060-0	Confirmation Request Confirmation Assistance Request Insurance Followup Card	:		*
NONE NONE	Insurance Notice #1 Insurance Notice #2	Produce	locally	
NONE	Insurance Premium Disbursement Endorsement Stamp	Atlanta	Printing	Department

RELATED BULLETINS

INSURANCE - THE CITIZENS AND SOUTHERN AGENCY, INC.

INSURANCE - AUTOMOBILE PHYSICAL DAMAGE

INSURANCE - AUTOMOBILE LOANS - SINGLE INTEREST COVERAGE

ANSURANCE - PAYMENT SCHEDULE - CHANGES

SALES FINANCE - AUTOMOBILE LOANS - INSURANCE FOLLOWUP



BULLETIN

SECTION

OVER THE COUNTER

SUBJECT

BUSINESS DEVELOPMENT

TOPIC

SELLING UP

Page

1 of 1

Date 5-7-68

New Bulletin

Good salesmen have long been noted for selling a customer "up". By pointing out the extra value and added benefits of ownership and use of the higher-priced goods, the salesman makes a larger, better sale, and increases his sales volume and commission. From the standpoint of the work analyst, he has made more productive use of his time.

On the other hand, the customer has not been hurt by the "sell-up". He has benefited because he is getting more value per dollar than he would have gotten had he not decided to "buy-up". If the job is done well, then, both the seller and the buyer benefit.

We can learn something here that applies to our own customer relationships. That is - sell the loan customer what he needs. In many cases we can make him a larger loan than he requested if we do a good job of analyzing his total debts and suggest a modification of the customer's original request. Just as a salesman helps his customer SELECT the automobile which must fit within the customer's wants, needs, and ability to pay, we must help our customer SELECT the best loan for his particular situation.

The guiding principle of selling up must be for the Bank to be of the most possible service to the customer. Selling up simply for the sake of making a larger loan is just not to be done. It is not in the best interests of the customer or the bank. Here are some other considerations:

- Can we make a sounder loan, by getting at the problem instead of treating the symptom with c small loan?
- We can better control his borrowing after advice, we have the whole picture.
- We will stand a better chance of getting all his loan and other bank business. He won't go to another bank to get another small loan later.
- . 4. A larger loan should result in greater profit.

customers frequently do not look far enough shead to really be able to make an intelligent financial analysis of their needs. They are interested in borrowing enough to handle the presently pressing financial matters and perhaps those that will come up in the next two or three months. This is where our talents take over. We are experts in consumer financial analysis. It is our job to diagnose the financial ailment and prescribe the proper loan.



BULLETIN

SECTION OVER-THE-COUNTER

1 of 3

SUBJECT

CASH VALUE LIFE INSURANCE LOANS

TOPIC

Page

Date 3-23-66

New Bulletin

Loans secured by assignment of Cash Value of Life Insurance carry slight risk of loss, provided they are set up properly in the beginning, and where necessary, followed for payment of future premiums. This bulletin outlines procedures to be followed in lending on this basis.

CLASSIFICATION Loans secured by Cash Value Life Insurance are classified "Collateral."

TERMS Terms - up to 60 months are in order. However, borrowers should be encouraged to shorten the term as much as possible within their ability to repay. Cash Value of Life Insurance is a form of saving, and our customer will be better off to replenish this fund as fast as possible.

ADVANCES Advances may be extended up to 100% of cash value and accumulated dividends.

The rate structure for loans secured by cash value is set out by the Bulletin:
"LENDING GENERAL - RETAIL RATES - OVER-THE-COUNTER." Credit life and
disability insurance should be placed on c4sh value loans wherever possible. Our
insurance coverage is inexpensive and allows the customer to retain his insurance
program intact in the event of death or disability.

INVESTIGATION

1. Check CIF

2. Where a check of CIF, other bank sources, or from information developed in the interview indicates the possibility of later collection problems, a full investigation should be made. In the absence of derogatory information in the preliminary investigation, we can rely on our collateral.

REGULABILITY OF THE INSURANCE COMPANY
Regulations governing life insurance companies are such that on the average transaction it is not necessary to check on the company's financial ability to honor our assignment. In lending of amounts of \$5,000 and over, the reliability of an unknown, new or local insurance company should be checked with a senior credit officer.

A life insurance policy is a contract usually involving three parties: the insured, the insuror, and the beneficiary. Policies differ in terms and conditions, so it is important to check every insurance contract carefully. The following items should be checked by reading the appropriate section of the policy contract.

- Most policies are assignable, provided the insurance company is notified in writing. A few policies are not assignable, or state that a special assignment form provided by the insurance company must be used. The following policies are not acceptable to the Bank as cash value collateral:
 - (a) GI Insurance which is not assignable.

b) Group Insurance does not build cash value.

(c) Weekly premium, or industrial policy holders should be referred to the issuing company.

E-1490



BULLETIN

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SECTION OVER -THE -COUNTER

SUBJECT CASH VALUE LIFE INSURANCE LOANS

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- 2. Determine who is the <u>owner</u> of the policy, and thus has a right to assign the policy. The name of the owner of the policy is found on the first page of the contract. Generally, the insured is also the owner of the policy, but in some cases, the beneficiary, or some other party may be the owner. Ownership of the policy may be transferred without notation on the policy, thus, if there is any reason to think that we cannot rely on our borrower's statement, we would check with the company to verify his right to assign before advancing funds.
- 3. Determine the amount of <u>cash surrender value</u>, which the policy has accumulated by reading the "table of cash surrender or loan value," which is found in the policy contract. If there is any reason to doubt the borrower's statement that he does not have an insurance company loan or prior assignment, wait for the return of questionnaire 15-523 before advancing funds.

FORMS After determining the assignability of the policy, the right of the individual to assign, and the amount of cash value and accumulated dividends, the proper forms and followup measures should be taken to set up the loan.

- Assignment form 15-517 should be signed by the customer in duplicate. The
 assignment form should be signed by the owner of the policy in exactly the
 same way as the name on the policy is registered.
- Collateral note 19-830 should be signed with the collateral described on the note, e.g., "assignment of cash value Aetna Life Insurance Company, policy no. 437689 on the life of John J. Smith."
- 3. Insurance questionnaire 15-523 signed by the customer should be prepared in duplicate for forwarding to the company with the assignment. The questionnaire will establish the amount of cash value, accumulated dividends in the policy, status and amount of premium payments. Upon return of the questionnaire, we should verify our cash value computation in file, and disburse funds, if not previously disbursed.
- A <u>followup card</u> should be made for return of the insurance company's acknowledgement of the assignment.
- 5. Where a loan secured by a Cash Value Life Insurance is renewed, a new questionnaire should be submitted to verify that the cash value of the policy has not
 decreased. A week or more generally elapses before assignments or questionnaires
 are returned by the company. If the customer is financially responsible with
 satisfactory credit experience, it is in order to advance the funds relying on
 the customer's representations, otherwise hold disbursement until the papers
 are acknowledged and completed.

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A large majority of insurance policies have provisions whereby the cash value is used to convert the policy to a paid-up term policy, in the event of lapse, usually within a period of 90 days from the due date of the premium.

In addition, many policies contain an automatic premium loan provision. The provision gives the company the right to charge the accumulated cash value with a premium loan, if the premium has not been paid by the end of the grace period. The automatic premium loan provision can easily dilute the cash value of the loan unless future premiums are paid on time.

However, since our loan is on a reduction basis, the payments will generally exceed any decrease of cash value and it is not necessary to follow for premium payments unless:

- 1. Our loan goes past due.
- 2. We receive several loan inquiries on the borrower.

If the borrower is unable to meet his monthly payments with reasonable promptness, we should:

- 1. Encourage him to transfer the loan to the insurance company in order to retain his life insurance protection.
- 2. If the borrower will not transfer his loan, we must exercise our assignment by writing the insurance company for the necessary procedures, notifying the borrower of our action.

SAFEKEEPING Insurance policy contracts are not negotiable, and thus do not need to be placed under dual control. The policy and other papers may be filed in the customer's loan file.

When a CVLI toan is paid off, a release of the assignment should PAID OUT PROCEDURE be sent to the insurance company. The policy and note should be returned to the customer requesting a receipt for the policy contract.



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CONSUMER NEGOTIABLE NOTE

TOPIC

Page

1 of 1

Date

12/23/69

NEW BULLETIN

The Consumer Negotiable Note, form 15-1210, has been developed to accommodate certain customers who need to negotiate time notes with other individuals. A copy of the note is shown below.

Regulation Z

If the individual lender is regularly in the business of extending such credit, he is subject to Regulation Z. Sufficient copies are provided for proper use and retention. The copy marked "Bank Copy" is the one the lender should retain for two years.

If the individual lender is not regularly in the business of extending such credit, he is not subject to Regulation Z.

Obtaining Forms

The note is a three-part snap-out carbon form. Order from Purchasing in the usual manner - form 15-1210.

					REGOTIABLE NO!
	4		Amend of Loss	BATE PERCENTAGE	Dete
The underspread promises to pay to 1			1. 0	0.000	Number 1
(haractur, topotar with any helder				Appearant to federal	B
or of each other place as the Heir amount place harson as firment f	r may designate and natify use regular with introduction for		(1 + 2)	4 PHANES CRASS	5 Years of Permants (2 + 4).
	of callected by low or through a small delity on a pro rape basis. proups to the Holder a sufficient lows of Gaerges or only other St.	or orthogy of smount of home o's of the United	States on opported Limbs		ase of Demarkaticy under
Fig. nocluding 15% as enternave feel fee. The PRIANCE CHARGE will be: Underspread reprehens, assigns and office or by various of the Compilation on made authorises and directly the Trushauminal afforms in fact for underspread of these than one party shall immediately.	If collected by low or through a arread delify on a pur right back. arreads to the histoir a sufficient lows of Garages or any arms St. to deliver to the histoir a sufficient a bit claim any and all hismandand is this histo, the term undersigned in this histo, the term undersigned	or of the Linnad ore of the Linnad tent amount of p management allow to used haren of		ities and he day them in all and as expended to pay Look	and of burningsty under white and the house o
tion including 15% as arranter the ine The FRANCE CHARGE Will be of Underspread transfers, colored and data or by visite of the Compitation of paid authorises and directs the Trans- servised offering in fact for underspread 15 mars than one party shall season only and aerostiy obligates herbandle milks and aerostiy obligates herbandle.	If callected by low or through a smeet delives a per riph basis. amount to the Heider a sufficient loss of Georges or one other to general to the Heider a sufficient a to close any and all hemiseted a thick Heide, the form undersigned a thick Heide, the form undersigned	or of the Linnad ore of the Linnad tent amount of p management allow to used haren of	Storm or against Links reports or morely from all by law	ities and he day them in all and as expended to pay Look	are of bentruptly under white and the Holler of
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CREDIT SERVICE CORPORATION

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Date

7/25/69

REVISION OF BULLETIN: OVER-THE-COUNTER CREDIT SERVICE CORPORATION DATED 9/30/68

The extension of credit to small businesses through term lending offers great potential to create jobs and promote the economic growth of the community, while roviding an opportunity to develop better bank customers. Many banks have been reluctant to make term credit available to small and growing businesses because of the relatively high degree of risk. Our experience indicates, however, that through the vears the overall loss ratio of the combined C&S Banks has been good. It is only in isolated cases that unfavorable losses have appeared and this was primarily because of the higher average loan.

To help prevent any office having an unfavorable loss picture, while promoting and developing a larger portfolio of term credit loans, the Citizens and Southern Credit Servic. Corporation has been established. This facilitates a pooling of loan loss reserves, so that loans on which losses are incurred will be purchased by CSC rather than being charged off by the local office. Initially, this program will be available only to branches of the Citizens and Southern National Bank and its Affiliates. After gaining experience in the program, we plan to make it available to our Correspondent Associates and to other banks.

SCOPE OF THE PROGRAM

The basic purpose of the program is to stimulate the making of more good term business loans and at the same time -

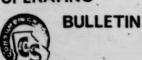
- Leave the authority and incentive with the loan officer to do what he thinks best.
- While continuing the loan officer's free rein on all loans, provide him with the opportunity to seek advice on those specialized loans which he does not encounter frequently.
- . 3. Minimize the credit risk for the lending bank.

The program will provide a means by which the participating banks can make term loans to businesses in which they have basic confidence in the management, but which they have been unable to handle in the past, because of limited collateral or for strategic reasons such as the size of the loan in relation to legal limits and loss reserves.

Through more and varied term lending experiences, it will provide the loan officer an opportunity to increase his abilities in the areas of:

- A. Evaluation of management ability.
- B. Analysis of business potential.
- C. Term Loan Agreements, when they should be required, and how the covenants should be set up to feel the pulse of a business.
- D. Proper collateral and security.
- E. Financial analysis.

E-1494



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OVER - THE - COUNTER

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CREDIT SERVICE CORPORATION

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REVISION OF BULLETIN: OVER-THE-COUNTER CREDIT SERVICE CORPORATION DATED 9/30/68.

Date

7/25/69 .

EXTENT OF COVERAGE

The Credit Service Corporation will reimburse 100% of the outstanding principal balance in event of credit losses on covered losss.

COST OF COVERAGE

The cost of covering eligible loans is 1% per annum of the original principal balance, payable at the time the loan is made.

ELIGIBLE LOANS

All term credit business loans of more than twelve months with a principal amount of \$5,001 to \$100,000 are eligible for coverage, provided the total liability (including the new advance) of the borrover does not exceed \$250,000 to all participating banks. New loans can be automatically guaranteed by merely indicating so on the discount sheet, except in the following situations where specific or non-automatic acceptance for coverage by CSC is required:

- Total debt to C&S National Bank, its Affiliates, or other participating banks exceeds \$25,000 (including the new advance).
- 2. The business is a new venture with less than two years in operation.
- The company has sustained net operating losses for its last fiscal year.
- 4. The loan constitutes a rework of existing debt.
- 5. The business has a deficit net worth.
- Loan is not to be repaid in nearly equal installments within five years or less, but more than twelve months.

All eligible loans must be covered. In order to maintain a proper spread of risks, loans cannot be covered on a selective basis.

APPLICATION FOR COVERAGE .

On each eligible loan prepare the "Application" form in duplicate (Form #CSC 1). If the loan is eligible for automatic coverage, send only the application, along with the copy of the credit for the fee, to Credit Service Corporation. If the loan is not eligible for automatic coverage, supporting documentation as listed on the back of the Application (Form #CSC 1) must be included. The most important item is a memo from the lending officer outlining the particulars of the loan and the abilities of management, and commenting on any present or potential problem areas the borrower may have. In general, the memo should comment on any unfavorable answer to the "Term Loan Check List" (Form #CSC 3).



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REVISION OF BULLETIN: OVER-THE-COUNTER CREDIT SERVICE CORPORATION DATED 9/30/68.

NEW LOAN PROCEDURES

On all loans covered under this program, a fee equal to 1% per annum of the amount financed is due the CSC. This fee must be paid out of the total charge to the customer. On the discount sheet show the total charge as usual in the space for "Gross Charge," enter the fee under "Dealer Loss Reserve" and the remainder under "Interest and Discount." On each insured loan, simply send a check made payable to C&S Credit Service Corporation to CSC with the application.

In the "coding" section of the discount sheet, enter "9" for all guaranteed loans. This code will appear with the loan class on the ledger cards for easy identification of guaranteed loans. When the ledger cards are received from Central Billing, punch slot #32 on the side of the ledger card.

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600 NI 600 NI	25,998	.00
Control Control		Pion 3
1		
PROFIT ILEAN AD MEMBERS AL MENEWAL	LOAD BO MONEY	DISABLE CREDIT &
SERVIDUALI BIOW	AD ADD MONEY AD COLLECTION NAME OF PERSON	1
	-	20 20

THE CSC MONTHLY REPORT

Monthly Report (Form CSC 2) will be prepared as of the end of each month. The total amount of covered Loans Outstanding at End of Period will be determined by needlesorting slot 32 on the right side of the ledger card and running a tape of the balances. The report should reach Credit Service Corporation by the first day of the following month.

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APPLICAT	ION
To: CAS CREDIT SERVICE CORPORATION	Date:
Name of Business:	
City: Sta Susiness is: () Proprietorship () Partnership () Corpo	No.
	Fee:Loan is to be repaid in
equal monthly installments beginning	
Describe payment schedule if not equal monthly:	
Purpose of Loam: () Provide Working Capital () Purchas Existing Debt () Other (Specify)	e Equipment () Purchase Rolling Stock () Rework
Collateral:	
Liq	uldation Value of Collateral:
Endorsers or Guaranters	
How Often are Company Financial Statements Requested:	
Fiscal Date: Date of Latest Statement of End Borrower Has Been a Customer of Bank for:	
for:yearsmonths.	_months, borrower has been Engaged in Present Operation
Borrower's Total Liability to Bank Including This Loan is:	
Commercial:	Installment:
Open	Direct
Endorsed	Retail
Acc'ls. Rec.	Wholesale
Secured .	Indr. Coll.
Real Est.	
Discount	
Other Bank Services Borrower is Naw Using: () Checking, () Acct's. Rec. Billing, () Freight Payment, () CAS Merc) Trust, () Travel, () Tax Deposits, () Payroil, chant, () Medical Accounting Service
State Amounts of Business Insurance: Key Man Life Insurance:	*
Fire and Casualty: Liability:	Other:
Does Loan Include Credit Life Insurance? Does the Borrower Have Adequate Bookkeeping and Controls?	() yes () no () yes () no
Does the Borrower Have an Outside Accountant?	() yes () no
	Correct Incorrect
Business has been in operation for two full years.	() ()
Business showed a profit for the last fiscal year. Assets of the business exceed liabilities.	
Loan is to be repaid in equal installments within 5 years.	() ()
Loan is not a rework or renewal of debt owed to Bank. Total debt to all participating banks is under \$25,000.	() ()
COVERAGE IS AUTOMATIC	COVERAGE IS NON-AUTOMATIC
	Jobmitting Bank
CAS CREDIT SERVICE CORPORATION E-1497	fice:
by:	Y
NOTE: A MEMO IS REQUIRED ON ALL NON-AUTOMATIC APPLIC	ATIONS. PLEASE CHECK TO MAKE SURE THAT ALL BUTT
MATION NECESSARY TO MAKE A DECISION IS INCLUDED	WITH THIS FORM.

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REVISION OF BULLETIN: OVER-THE-COUNTER CREDIT SERVICE CORPORATION DATED 9/30/68.

PAID IN FULL ROUTINES

Normal procedure calls for removal and discarding of a wheeldex card when the account is paid in full. This procedure should continue on regular loans. On a guaranteed loan, however, the card should be removed, stamped "Paid," and sent to Credit Service Corporation as notification that the loan has been paid in full.

On prepaid loans on which a rebate is granted, it will also be necessary to rebate a portion of the fee paid to CSC. Use the same percentage as that on the interest rebate, then prepare a debit (showing the number of months the loan has left to run) to C&S #tlanta for charge to CSC. Send a copy of the debit with the wheeldex to CSC.

DELINQUENT ACCOUNTS TO BE PURCHASED BY THE CREDIT SERVICE CORPORATION

The Credit Service Corporation should be requested, by letter, to purchase a past-due covered loan when:

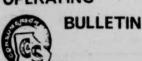
- All reasonable collection efforts have been made, and the account has been determined to be a "loss" and,
- Collateral, if any, has been sold and sale proceeds applied to reduce the account balance (Exceptions: Where the bank has been unable to dispose of the collateral over a reasonable period of time, this requirement may be waived), and
- 3. All normal procedures for charge-off, including preparation of a Charge-Off History Sheet, have been followed up to - but not including - listing in with charge-offs for presentation at a Board Heeting.

Include with the letter one copy of the Charge-Off History Sheet and Credit File to the Credit Service Corporation. Retain one copy of the Charge-Off History Sheet until payoff check is received, then file the History Sheet in the place of the credit file. Upon receipt of the payoff check from Credit Service Corporation, process it with an interest rebate ticket to close the loan. Figure rebates in the usual monner, but do not rebate the "fee." Send the note, endorsed without recourse, to Credit Service Corporation.

ORDERING FORMS

Supplies should be ordered, specifying the "CSC" number, from Credit Service Corporation. Atlanta, except in the case of Application Forms (CSC 1) which must be ordered from the stock room. The stock number is 8-320 Rev. 6/69.

OPFRATING



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OVER-THE-COUNTER

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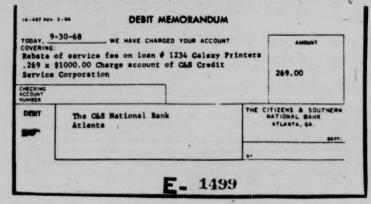
Date

7/25/69

REVISION OF BULLETIN: OVER-THE-COUNTER CREDIT SERVICE CORPORATION DATED 9/30/68.

ADDITIONAL ITEMS

- On loans scheduled to be paid other than equal monthly such as quarterly or skip payment loans, compute the CSC fee on the actual length of time the loan will be This does not apply to "balloon notes." On balloon notes, compute the fee as if the balloon portion was going to be liquidated at the same rate as the liquidating portion. For example: a note calling for 11 monthly payments of \$100 and a balloon of \$1,900, the fee would be computed as if the loan was going to be on the books for 30 months.
- Extensions, Amendments If a CSC covered note is to be extended or amended (For 2. example: release of an endorsement or item of collateral), write a letter outlining exactly the changes to be made in the terms of the loan, the collateral or endorsers or other conditions of the loan (for example: extend payments two months. to resume normal monthly payments on July 22 or release endorsement of John Doe on November 1, as we originally agreed to do, or release of lien on 1969 John Deere Tractor). Send two copies of the letter to CSC, leaving space at the bottom for SC to acknowledge and approve the change. CSC will acknowledge the change by signing and returning one copy of the letter. The above does not apply to due date changes that do not constitute extensions. CSC reserves the right to terminate coverage if a loan is extended or amended.
- 3. Reworks - If a CSC covered loan is reworked, a cortion of the CSC fee must be rebated to the customer to arrive at the net payoff figure. Compute the rebate of the CSC fee using the same factor as is used on the interest and finance charges. There is no minimum charge to be deducted. Debit CSC for this amount and credit unearned interest. Send a copy of the debit to CSC along with the paid out wheeldex card. Then file an application for coverage on the new loan. Since reworked loans are not eligible for automatic coverage, supporting documentation should accompany the new application.





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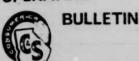
SUBJECT CREDIT SERVICE CORPORATION

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	1 19 5				
	CHOIL RD	VICE CORPORAT	IQE.		
	COVERS	D TERM LOADS	,		
			Date		19 _
	Mashe	r Amount			
Covered Loans Out	standings	- '-			_
Covered I	cens Which are Past	-Dee Thirty D	sys or Hore:		
MAG	PAY'T	DATE OF OLDEST PAST-DUE PAYMENT	DATE LAST PAY'T REC'D	MARCE	
	,				
	,	ott	lea:		
			4		-
		By:			_



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OVER-THE-COUNTER

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CREDIT SERVICE CORPORATION

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gof 8 Page

Date 7/25/69

NEW BUILDETIN

TERN LOW CHECKLIST

agement"
Do top management personnel have integrify, experience and knowledge, and
personal characteristics necessary to manage the business successfully nd repay the proposed loam? 9

and repay the proposed loss;

Doss ags, health, or the personal financial condition of present management represent a danger to the effective continuation of this management;

Is "back-up" management adequate?

Nas management dome enough planning and really thought out what financing they need and what they plan to do with it? Are plans reasonable and sound?

Do you have sufficient knowledge of management to answer the above questions

to your satisfaction?

II.

The Business Itself

1. Are the nature and location of the business such that they give reasonable
assurance of future successful operation? Will the demand for its product
or service continue? Can it meet competition in price, quality and service?

2. Would an inspection of facilities and equipment be useful in determining
whether they are adequate and are efficiently employed, or are you satis-

fied that this is the case?

fied that this is the case. Bose the commany have adequate internal accounting procedures and controls? Bose it have adequate outside auditing and legal assistance? Is there a possibility of problems with labor or labor unions that would seriously impair the operation of the business? Is the company adequately insured against the principal risks that are

ent in the conduct of its business?

III. Financial Condition

Do you have adequate information to essess the present financial condition of the company?

or the company?

Nould an analysis of financial statements for the past 3-5 years indicate unfavorable trends that point to problems in the future?

J. Do you need projections of the operating statement and balance sheet for the next year or more to properly seess the proposed loan?

4. Does in analysis of the balance sheet demonstrate that the company is adequately financed and capitalized.

5. Are you satisfied that tax returns have been properly prepared and that all

income and other taxes have been paid?

Are there contingent liabilities of the company or outside debt of the owners that could represent a threat to the operation of the business?

Loan Proposal
. Will profits plus depreciation and other non-cash expenses provide enough cash to repay the loan and finance required future expansions of inventory or receivables or other needs?

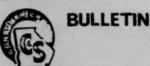
Is the amount requested the amount needed to accomplish the desired ends? Is the proposed loan the best method of financing or should another be considered?

A, Will collaters; have sufficient liquidation value to protect the bank for the duration of the loan?

have adequate control over the collateral?

B. Do you have adequate control over the collateral: C. Is collateral insured and have taxes and other stems been paid? D. Do you have good title to the property and has it been properly recorded? Is a term loan agreement needed to place proper restrictions on the company or to bring about a condition of default in the event that the company does not operate as anticipated?

CSC-3



SECTION

OVER-THE-COUNTER

SUBJECT.

DERT CONSOLIDATION

CAS PAYOFF

1 of 2

Pooe

Date

1-29-68

MEN RIGILETIN .

To provide a consistent method of communication between locations, this bulletin introduces a form to be used by a branch when paying off a CAS account. Its use will insure that proper consideration is given to continuation of the customer's line, credit card pickup, and recourse or non-recourse payoff. Each bank location will be kept informed of changes of status of a customer's account.

PROCEDURE

This form should be filled out in duplicate on all CAS account payoffs. A copy will be retained for the branch customer's file. The original copy plus pay-off check goes to CAS. CAS will file the original in their customer's file.

DETERMINING RECOURSE ON CONSOLIDATION LOANS

Generally, if an account is worthy of making a debt consolidation loan, or reworking, the CAS account should be paid off without recourse, just as any other creditor would be. If additional money is advanced on a rework, the CAS payoff should be without recourse. Paying off an account with recourse should occur rarely:

Accounts that are already recourse accounts to merchants should be paid off without recourse, if at all. Any further recourse involvement would expose us to additional merchant relationships that could easily work to our disadvantage.

Forms will be padded, 50 to a pad. The simplicity of inserting a piece of carbon paper and completing in longhand should make this an economical form to use. Forms should be ordered from Purchasing. Specify form #19-849.

SECTION OVER-THE-COUNTER

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SUBJECT

DEBT CONSOLIDATION

TOPIC

CAS PAYOFF

Date 1-29-68

CHA	RGE ACCOUNT PAYOFF	
TO: CAS	4	DATE
	RE:	
The check for \$accom above customer, as quoted by CAS	CAS Acct. No panying this form pays on	
It is paid without recour		
☐ It is paid with recourse,	per discussion with	1.
Based on information obtained du action is suggested.		
Credit line be maintained	as is at \$	
Credit line be reduced to	\$	
Credit line be closed.		
Credit cards have	been picked up and are	attached, mutilated.
Credit cards have	not been picked up beca	use
The customer has been adv	ised of a change in sta	itus.



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SUBJECT DEST CONSOLIDATION LOANS

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Page 1 of 6

Date 12-22-67

OVER-THE-COUNTER - FAMILY FINANCIAL COUNSELING - BUDGET Replaces Bulletin: CONSOLIDATION Dated 3-25-64

Daily we receive requests from customers who wish to have their obligations consolidated into a single transaction on a monthly retirement plan. As a general rule, these consolidation loans fall in two broad categories. The first is to those good credit risks who anticipate the need to consolidate their obligations with payments in relation to income. In the second category are those loans to families already in financial difficulties because of over use of credit or perhaps because of unforeseen emergencies.

In addition, we interview many individuals in need of counseling on financial management who have not recognized a financial problem. We, as a bank, can render a real service here, which accrues benefits not only to the customer, but to the bank and other creditors in the area. Adequate family financial counseling accompanied by debt consolidation loans serves as a deterrent to personal bankruptcies and, moreover, provides a way to increase the profitability of our loan portfolio by improving the quality and size of loans made to such individuals.

The purpose of this bulletin is to discuss various approaches to this type lending, stressing use of the "Family Budget Consolidation Work Sheet." Through intelligent use and analysis, this work sheet will be a very useful tool in the processing of consolidation loan requests.

The use of the Family Budget Consolidation Work Sheet is a matter of individual judgment in each case. Many of our customers and the general public do understand their financial capabilities; hence, they exercise and control their credit buying in keeping with their ability to repay. Using this form on customers who fall into this category might be offensive, therefore, good judgment must be the deciding factor.

It is the responsibility of each lender to recognize those applicants who do need advice and guidance and to use the "budget work sheet" in those cases. There are any number of factors or combination of factors which would indicate a need to use this form, and it would be impractical to list all. The following circumstances do, however, strongly suggest use of the "budget work sheet":

- Request for a consolidation loan to reduce monthly payments.
- 2. Constant renewals, particularly where there is evidence of customer
- pyramiding his debts.

 3. Whenever we have numerous inquiries from other creditors even though the customer's record with us has been satisfactory.
- 4. Any indication of over-extension of debt beyond the customer's capacity to pay.

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DEBT CONSOLIDATION LOANS

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Date 12-22-67

Replaces Bulletin: OVER-THE-COUNTER - FAMILY FINANCIAL COUNSELING - BUDGET CONSOLIDATION Dated 3-25-64

This form may also be utilized in the adjusting of delinquent accounts. One of the first steps in adjusting a delinquent account is to find the cause. Frequently, customers become overfy obligated after our loan's inception and try to stay even by borrowing from one source to pay another. This, of course, further jeopardizes their financial position and can lead to a loss for the bank with the customer losing his credit standing. When an adjuster recognizes such a situation, he should make every attempt to get the customer into the bank for "financial counseling" which would include the use of the "budget work sheet." If this is done soon enough, there is a strong possibility of making what may have been a loss account into a profitable one.

If this includes a rework of existing bank debt, remember that we may be getting an opportunity to do the thorough job of interviewing and investigating that we may have failed to do the first time. Don't fail to look for debt load in existence now that was also in existence at the time of our first loan, but not known to us at that time. The customer could be wilfully concealing information. He might be genuinely innocent of intentionally misleading us. In either of these two cases, we're still unduly exposed, however, and we must be sure what type of credit risk the customer really is before we make a decision.

The budget work sheet can be an invaluable tool and can aid in the extension of sound credit. However, it must be remembered that no form can substitute for the application of good judgment in extending credit. We must evaluate the applicant's paying habits, personal habits, capacity and integrity before reaching a credit decision. The intelligent use of this form serves a useful purpose in counseling with the customer. After all, each customer or prospect is entitled to the best advice, instruction and information we are capable of giving.

INTERVIEW

while the objectives are basically the same in any interview, when handling the potential consolidation applicant, he must be put at ease so that we gain his confidence and the interview must be complete so we can determine the customer's financial condition and satisfy ourselves as to his capacity and willingness to meet the proposed plan of repayment.

The ideal interviewing atmosphere is best created when the interviewer projects himself into the customer's own personal circumstances so that he may talk to him on the same level of understanding. The Family Budget Consolidation Work Sheet provides this line of communication in discussing an individual's financial needs. It is also advisable to avoid the term "problems" when discussing the applicant's financial needs, for the common reaction to this word is that the solution may be complicated and difficult. Actually with adequate counseling and an analysis of the completed work sheet, the solution is more easily reached. (See OWER-THE-COUNTER - APPLICATION AND INTERVIEW.)



BULLETIN

SECTION OVER-THE-COUNTER

SUBJECT DEBT CONSOLIDATION LOANS

TOPIC

Page | 3 of 6

Date 12-22-67

Replaces Bulletin: OVER-THE-COUNTER - FAMILY FINANCAIL COUNSELING - BUDGET CONSOLIDATION Dated 3-25-64

EXTENT OF INVESTIGATION

With complete information developed during the interview, our investigation should be complete, verifying all facts given. Each must be checked, otherwise the analysis of the customer's financial picture cannot be complete and a workable solution reached

TERMS

Generally speaking, 24 months should be the maximum term of a debt consolidation loan. In exceptional cases where income in relation to total debt precludes repayment in 24 months, terms up to five years may be in order after consideration of the following factors:

1. Is the loan substantially secured by assets of a relatively stable value or does it have an unquestionably good endorser?

2. Was the overloaded debt position brought on by probably non-recurring expenses, i.e., major medical, education loans, moving expenses, major purchases, etc.?

Is job stability above average?

CREDIT CONSIDERATIONS

Each request will involve a different set of circumstances; hence, our analysis of the "budget work theet" will involve a different approach on every customer. There are some basic points, however, which must be kept in mind in reviewing the work sheet.

1. Will the combining of all obligations relieve the customer's overextended position?

 Will the customer's income be relatively predictable?
 After considering monthly expenses, will the customer be able to meet his note with us and have some freedom in his income to offset normal emergencies?

Does the amount of the loan and/or circumstances indicate a need for collateral? The completed "budget work sheet" will point out available

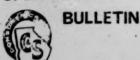
collateral.

5. If it appears the debt consolidation loan terms would not relieve the difficulty and a longer period of repayment is necessary, does the customer have sufficient equity in his real estate to rework the

6. Perhaps the analysis will disclose the only workable solution to the customer's difficulty is the sale of some personal assets. This will be only in those cases where a customer is extremely over-obligated.

7. From conversation with the customer, the conclusion may have been reached that the financial difficulties could have been avoided if some reserve such as a savings account had been available. This is a clue for us to include in our analysis and if possible for the customer to meet his monthly expense, the payment on the note and still have available funds, sell the customer on some systematic savings program. Perhaps he is a checking account customer and the

E- 1506



SECTION OVER-THE-COUNTER

SUBJECT DEBT CON: JLIDATION LOANS

TOPIC

Page 4 of 6

Date 12-22-67

Replaces Bulletin: OVER-THE-COUNTER - FAMILY FINANCIAL COUNSELING - BUDGET Dated 3-25-67 CONSOLIDATION

> automatic deduction would be the best approach in developing him as a saver. If the customer does not have a checking account, sell him one.

- The analysis may also disclose the possibility of including a Savings Bond or an amount to open a savings account in the total loan. Whenever this is possibile, the benefits are three fold - we make a larger and more profitable loan, we acquire a new savings customer, and the customer becomes a saver.
- 9. Marital problems often accompany money problems, so efforts should be made to secure signatures of husband and wife. In the event of a separation or divorce, we will have better collection possibilities.

CONSUMER CREDIT COUNSELING SERVICE.
When a customer with debt to us appears in such poor condition that bankruptcy looks almost inevitable, he should first be referred to Consumer Credit Counseling Service. There is one now in operation in Atlanta and one in Savannah, with other cities being considered. These non-profit organizations provide a definite service to the family with financial difficulties and reduce the number of potential bankrupts.

THE FAMILY BUDGET CONSOLIDATION WORK SHEET

The simplicity of this form's design makes comments unnecessary except for those made on the illustrations on pages 5 and 6. The section on "monthly expenses", however, does require further consideration. We are not attempting to set up standards for the amounts allowable for rent, food, etc., since there is considerable variance between the needs and desires of individual families and since the experienced credit man should be able to appraise these factors in the light of each individual case. Generally speaking, we must accept the applicant's estimates in this area and our job is to point out any inconsistencies between this and other monthly obligations.

All of the answers to this type lending may not be found in the "budget work sheet", however, the possibility of doing a better lending job is enhanced through its use.

Forms may be requisitioned in the usual manner from the Purchasing Department. Specify form #19-885, Rev. 3-64.

CLASSIFICATION

The nature of the collateral will determine loan classification. If no collateral, then it should be classified as a signature loan. If auto and household goods are the collateral, and the auto has more value than the household goods, then it should be classified as an auto loan.

FORMS, AGREDGENTS, AND PERFECTING SECURITY INTERESTS
The nature of the collateral (if any) will also determine the type forms to use, and method of perfecting our security interest.

ELATED BULLETINS

LENDING GENERAL - PERFECTING SECURITY INTERESTS - PROCEDURE AND DOCUMENTARY FEES COLLECTIONS - REVISION AGREEMENT COLLECTIONS - REWORKING FOR COLLECTION PURPOSES

SVER-THE-COUNTER - APPLICATION AND INTERVIEW

E- 1507

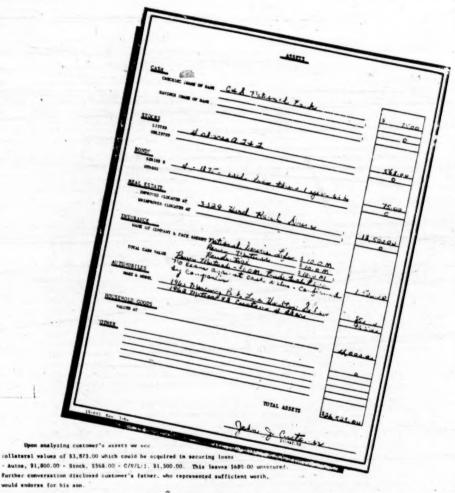
SECTION OVER-THE-COUNTER

Page 5 of 6

SUBJECT DEBT CONSOLI'S TION LOANS

TOPIC

Date 12-22-67



Loan granted based on collateral and endorsement, repayable in 36 installments. Customer's budget work sheet now indicates

Houthly Obligations - \$ 165.20 (Instead of \$290.60) Het Income - \$ 800.00 Honthly Expenses - \$ 586.00 749.20 \$ 3 30.80

Difference between total monthly obligations and expenses and met income is now a plus \$50.80 instead of a minus \$74.60 prior to granting los.

ORDERING FORMS

Forms may be requisitioned in the usual manner from the Purchasing Department. Specify form #19-885, Rev. 3-64. F_ 1508

SECTION OVER-THE-COUNTER

SUBJECT DEBT CONSOLIDATION LOANS

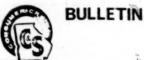
TOPIC

Date 12-22-67



It's obvious this customer's deficit budget will soon make him a prospect for bankruptcy if some relief is not found. Domestic problems with former wife brought on the financial difficulty.

E-1509



SECTION OVER THE COUNTER

SUBJECT

DEMAND LOANS TO INDIVIDUALS

TOPIC '

Page

1 of 4

Date 10-11-71

NEW BULLETIN

Demand loans to individuals are semiced by the Loan and Discount Department or L&D Teller. Accounting is accomplished via the Commercial Loan System. Loans of \$25,000 or less for non-business purposes are subject to Federal Reserve Regulation Z, which implements the Consumer Credit Protection Act.

COMPLETION OF THE NOTE (Example Shown On Page 2)

Use note forms (with C&S logo) #15-1105 (Secured) and #15-1100 (Unsecured), (without logo) #15-1250 (Secured) and #15-1200 (Unsecured). Demand loans shall be considered to have a maturity of one half year (183 days) for the computation of the Finance Charge and APR. The following spaces must be completed.

- Amount of Loan the amount of the advance to the customer or other party.
- 4. Amount Financed the total amount of the loan which may include other charges.

Annual Percentage Rate - Regulation Z requires that we disclose the equivalent of a simple interest rate, determined by the Actuarial method. The APR will be the same as the actual interest rate unless a base charge is applied which occurs infrequently.

- Interest the Interest Charge, figured by applying a simple interest rate per annum to the amount financed. This may be calculated via audio, video, or manually using 183 days (365-day basis).
- 7. Finance Charge the same as interest unless a base charge is made.
- 8. Total of Payments the total amount financed and the finance charge.

Date - day the loan is made.

Number - serial number assigned to this loan.

Due - on demand.

The Insurance Statement must indicate "loan not eligible for Credit Life Insurance". It is not necessary to obtain the customer's signature since demand loans are ineligible for Credit Life Insurance.

Until such time as our note forms are revised, legal counsel advises that we type "Interest Payment is monthly, payable upon receipt of statement", in the area under the asterisk on the note beginning "on demand notes these



BULLETIN

SECTION

OVER THE COUNTER

SUBJECT

DEMAND LOANS TO INDIVIDUALS

TOPIC

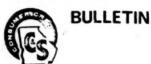
Page

2 of 4

Date 10-11-71

NEW BULLETIN

0-1)	CONSUMER COLLATERAL NOTE
Li tal	AMNUAL PERCENT. Date
	15000.00 000 1 001 1.1971
an tremand	E. Credit Life Insurance & Interest Number
the undersigned premium to pay to the column of	NA 200.54 01234
THE CITIZENS AND SOUTHERN NATIONAL BANK, Atlanta, Georgia	B. Other Charges 6. Dass Charge Due (Specify)
thorneller, together with any holder herunf, called "Nolder"), at its office or at such place on the Holder may designate and notify undersigned, the amount shows herein on Amount	N/A N/A ON Demand
Financial with between themes from does writh paid in full at the rate of \$\frac{1.00}{2.00}\$", per extent institute with the lines Charge shames the paid in the paid in the paid of the	Soon of 15000 1
CHARGE after first deducting the Mass Charge, will be covered daily on a pre rate basis. The term "Collaboral" as mad herein, shall mean the full swing property which has been or	*On demand notes these forms are taken on 6 months maturity numbers to
is berety delivered, piedped, assigned, conveyed and transferred to the Boldert	Faired Regulation Interest Fayment period is
Negotiable collateral as listed from time to time	monthly, payable upon receipt
on Colleteral Receipt Card number 1234	of statement.
which beads over and all behaves more described to a common to the substituted with a significant state of the substituted with the sub	the the Collegand to games the games of the first and off the collegand to games the games of the first and off the collegand to the collegand of the first and the collegand the end promotes of the Collegand of the first and the collegand the end promotes of the Collegand of the first tested and the collegand of the collegand of the collegand to the collegand the collegand of the collegand of the collegand to the collegand to the collegand the collegand of the collegand tested to the collegand the collegand the collegand tested to the collegand tested tested to the collegand tested tested tested the collegand tested tested the collegand tested tested the collegand tested tested the collegand tested
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to Liabilities, and in our a order of application, as the Nother may from total to time other. He dray or future a shall operate so a major through and so exists or partial assisting the liabilities of our right or remaily about pro- mitter tiple or remails.	tine mart of the Minder in the exercise if any right of remails study other or firmle t counties thereof or the comment of day
The Trainer shall be under to duty to contrain one or of of the relates and remoting afrom the disk from sections of the relation of the relat	and no marge to this instrument shall be due harped from his one the party line, to the knowledge of the literary is raphs of
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SECTION OVER THE COUNTER

SUBJECT DEMAND LOANS TO INDIVIDUALS

TOPIC

Page

3 of 4 Date

Date 10-11-71

200

NEW BULLETIN

items, etc." This applies to corporate as well as personal loans. If you plan to collect interest other than monthly, type in ". . . each three months" or whatever is agreed upon by you and the customer.

COMPLETION OF THE COMMERCIAL LOAN DISCOUNT SHEET

Follow directions given in G.O.G. 9.811 - Loans - Commercial Loan System - Forms - New Loans And/Or New Customers.

CALCULATION OF FINANCE CHARGE, AND ANNUAL PERCENTAGE RATE

A 365-Day year must be used in all calculations on personal and consumer loans. Although infrequent, a base charge of \$10.00 may be charged on loans of \$5,000 or less, in addition to interest for the actual number of days the loan is on our books. If a base charge of other than \$10.00 is charged the annual percentage rate must be calculated manually. On corporate loans, a 365-Day year or a 360-Day year may be used at the loan officer's option.

To avoid errors, all personal or consumer demand note calculations, including those obtained by computer response, must be calculated or checked by two people - both of whom must initial the note.

Refer to the bulletin - OVER-THE-COUNTER - SINGLE PAYMENT TIME LOANS TO INDIVIDUALS - Dated 8/16/71 for computer inquiry via audio or video.

MANUAL CALCULATION

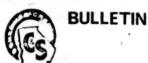
- I. To find the Interest Charge:
 - Multiply the total amount financed by the appropriate simple interest rate.
 - B. Multiply the result by 183 days (one-half year maturity 365 Day basis).
 - C. Divide by 365.
 - D. Drop any fractions of a cent. Do Not Round Up.
 - E. Add base charge, if any.

EXAMPLE: \$5,000 advance @ 8% simple, 183-Day term.

\$5000.00 Amount Financed
x .08
\$400.0000
x 183
73200.0000
+ 365
\$ 200.5479 = \$200.54 Interest Charge

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NEW BULLETIN

Although a base charge of \$10.00 is rarely added to demand notes, if applicable the interest charge plus the \$10.00 base charge would be the amount of the finance charge or in the example shown on page 3 - \$210.54.

II. To find the Annual Percentage Rate (A.P.R.):

- A. Divide the total finance charge, including the base charge, if any by the total amount financed.
- B. The conversion chart single payment loans, 365-Day basis indicates the daily factor for demand loans to be 199.
- C. Multiply the result of step A by the factor, 199. Round to the nearest 100th of a percent.

EXAMPLE OF APR: \$5,000 advance @ 8% simple, with a \$10.00 base charge, or 183-Day term.

> \$ 210.54 Total Finance Charge (including base) **45000.00** Total Amount Financed

.421080

199 Demand Conversion Factor For 183 Day Term 8.379492 8.38%, Annual Percentage Rate

NOTE: Normally there would be no base charge on demand loans, therefore, the annual percentage rate determined by this method should be the same as the simple interest rate used in calculating the interest. A slight variance is possible, due to rounding of decimals during calculation.

RELATED BULLETINS

GOG 9.19 - Loans - Base Charge, Regulation Z

- Loans - Note Forms, Revised - Regulation Z GOG 9.5

GOG 9.6 - Loans - Regulation Z, Summary. GOG 9.61 - Loans - Demand Loans-Subject To Regulation Z

- Loans - Commercial Loan System, Index of Bulletin and Manual GOG 9.8

COG 9.812 - Loans - Single Payment Time Loans To Individuals

CCOG - Lending General - Regulation Z - Summary

CCOG - Over The Counter - Single Payment Time Losns To Individuals



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SECTION

OVER THE COUNTER

SUBJECT

DENTAL PAYMENT PLAN

TOPIC

GEORGIA DENTAL ASSOCIATION

Page

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Date 6-22-72

Replaces Bulletin: OVER THE COUNTER - DENTAL PAYMENT PLAN - GEORGIA DENTAL ASSOCIATION - Pated 9/29/61

The dental payment plan, sponsored jointly with the Georgia Dental Association, has been in effect since April, 1955. Its purpose is to enable people to receive major dental treatment and at the same time relieve the participating dentists of the task of collecting. Hany patients use the dental payment plan to cover the cost of extensive treatment which takes several months to complete. By discounting the note after the first appointment, the dentist may receive cash immediately. The patient may begin paying quickly, and spread the cost over a long period.

AGREEMENT BETWEEN ASSOCIATION AND BANKS

Since the plan is sponsored jointly by the Georgia Dental Association and The Citizens and Southern National Bank, the Agreement Between the Association and Participating Bank must be signed by all banks wishing to participate. This agreement (19-860 Rev. 9-61) is reproduced on page 2. The Master Agreement has already been signed for the national bank, and for the participating affiliates, associates, and correspondents. The necessary forms will be sent to any additional banks wishing to participate.

AGREEMENT BETWEEN DENTISTS AND PARTICIPATING BANKS

New dentists should sign four copies of the Agreement Between Dentist and Participating Bank (19-861 Rev. 1-64). The bank should complete all spaces of the agreement and have it signed by a bank officer. All four copies of the completed agreement should be forwarded to Retail Banking, Atlanta, for approval of the Georgia Dental Association. In order for the dentist to participate in this program, he must be a member in good standing of the Georgia Dental Association. You will receive two copies of the approved agreement and a certificate for the dentist. Maintain one copy of the agreement in your file and return the other copy and the certificate to the dentist. This agreement is reproduced on page 3, and the certificate on page 4. It is not necessary to obtain new agreements from dentists presently participating.

It is very important that the dentists fully understand how the plan works and their responsibilities. Dental notes are purchased without recourse to the dentist. However, a 2% contingent reserve is deducted from the dentist's bill. Before a delinquent account can be charged to the reserve account, the dentist must return to the bank the amount representing unfinished treatment. The application must show the date of scheduled completion. You may also purchase dental notes from your dentists for work completed not more than thirty days prior to discounting the note. The bank will not purchase accounts which have been collection problems for the dentist.

OPERATING BULLETIN SECTION OVER THE COUNTER

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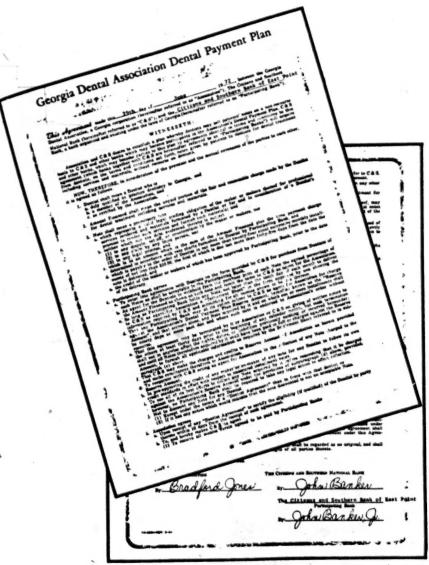
SUBJECT

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6-22-72



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OPERATING BULLETIN

SECTION

OVER THE COUNTER

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DENTAL PAYMENT PLAN

TOPIC

GEORGIA DENTAL ASSOCIATION Date

6-22-72

AGREMENT SETWEEN SENTEST AND BANK PARTICIPATING IN Georgia Dental Association Dental Payment Plan

To The Citizens and Seathers Suck of Seat Point June 25 1972 (Participating Soul)

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- I dell'erissis to you, no funto perceial by you, a compine centr application as each proposed studer or reveniur. You shall be under an obliquious to perceise say from which I may effor to you harmonic said the terms of the Appendixes shall apply only to these Meson which you shall, in which with destroy, clears to be consensitive.
- All such Peter shall be popular to any order to an more than promp-four equal resembles smaller bandles and and less time 1910b; the four of which to does not man, then they are shape from the does the New to delegated, and shall trans address, he interest to any other manners.
- All Notes where the sale to you becoming shall be on a bear approved by you and shall seems a test proposed sharp which shall be described in assessment with one clark which you shall desired as not bear to come.
- 4. We shall pay sin for all Notes proclaims by your borounder, an entered repair to the supplif have entered those for the assess of the date proposed from the sum of the date proposed from the sum of the date of the sum of t
- 2. In order to feature you to purificate and places on you may be your safe discussed does advantable. I feature yourself, and upon with require to make feature fall of other to you the purificate features. Only
- A Both such Hom to while provide and bracking on layoffy comparing parties where department on
- b. Bod said New shall have been grown to process for professional survivant medical and membric benished by one widow sharp spice on the deletory of the News, or in constitution of
- 6. The Home are not analysis to any departs, seconds, or commentation in the same than not due to all the other seconds, proportionation or confidents which, of two, which is behanded or goans to be memore with request on any home unit to year! It havely present and agree, assemblanding, the fine information of the confident plants of the property of proportions do Notes or Prince in the Confident plants of the confident plants of

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OVER THE COUNTER

SUBJECT

DENTAL PAYMENT PLAN

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Page

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Date 6-22-72

Replaces Bulletin: OVER THE COUNTER - DENTAL PAYMENT PLAN - GEORGIA DENTAL ASSOCIATION - Dated 9/29/61

THE GEORGIA DENTAL ASSOCIATION DENTAL PAYMENT PLAN

This is to certify that

But 1, 9, 509

Is a participating member of the statewide Dental Payment Plan sponsored by The Georgia Dental Association and The Citizens & Southern National on an installment basis.

CITIZEL & ENT. OR SATIONAL BANK

Paymeter - The Same Bank - Company of the Citizens & Southern National on an installment basis.

VISITS WITH DENTISTS

The dentist's copy of the agreement and the certificate should be delivered personally, and the dentist should be encouraged to "sell" the Dental Payment Plan. The Dental Payment Plan is intended to handle all acceptable patients, not just those which the dentist does not wish to carry on his own books.

Be sure to leave the dentist an adequate supply of Confidential Statements, notes, and rate charts. Explain to him, and to his assistant who will be handling the applications, how to use the plan to its best advantage. You might suggest this simple step-by-step procedure:

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6-22-72

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Replaces Bulletin: OVER THE COUNTER - DENTAL PAYMENT PLAN - GEORGIA DENTAL ASSOCIATION - Dated 9/29/61

- Determine how the patient wishes to pay cash, 30 days, Charge Account Service, or Dental Payment Plan.
- If the patient desires the Dental Payment Plan, have him fill out the Confidential Statement. The dentist should be sure to indicate the date of scheduled treatment completion.
- Mail the Confidential Statement to the bank, or, for faster service, telephone in the information for approval.
- 4. If the bank approves the credit, use the rate chart to determine the total note amount, the payment amount, the insurance premiums, and the finance charge. Complete the note, complying in all respects with the disclosure provisions of Regulation Z, including the "Annual Percentage Rate". All notes must be payable to the dentist.
- Have the patient sign the note. One copy of the note must be given to the patient at the time he signs it.
 - 6. As soon as treatment is begun, the dentist should endorse the note without recourse and send it to the bank. The dentist must retain one copy of the note for two full years as evidence of compliance with Regulation Z.
 - The bank will discount the note and sdvance to the dentist 98% of the amount financed.

Above all, do not sign up a dentist and then forget him. The dentists should become a part of your regular calling program, just as your dealers and insurance agents. Only by constant followup can we expect maximum participation in the program and the collateral benefits that are to be obtained.

R TERMS

For amounts financed of less than \$2,000, the maximum term is 24 months. If the amount financed is \$2,000 or more, the maximum term, is 36 months. As a general rule, patients should be encouraged to use shorter terms, preferably 12 months, so that they will not be inclined to postpone any additional treatment that might be necessary until they have repaid the loan. The minimum payment amount is \$10.

R RATE

The rate is 6% add-on. Credit Life Insurance and Disability Insurance are optional with the patient, though the dentist should be encouraged to sell these coverages whenever possible. The rate charts necessary to cover every possible dental payment plan loan are:



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Page 6 of 10 Date 6-22-72

Replaces Bulletin: OVER THE COUNTER - DENTAL PAYMENT PLAN - GEORGIA DENTAL ASSOCIATION - Dated 9/29/61

6A 324-H C6A 324-H CD6A 324-H 6A36 C6.00 AM36 CD6.00 AM36

In preparing rate charts for dentists, use our regular paper rate chart cover (form 19-1021), and include the Credit Life and Disability inserts. Participating correspondent banks may use whatever rate they normally use for personal loans.

R NOTE

Use Installment Note (form 19-1412), which provides a blank space for the payee. Notes should be payable to the dentist and assigned on the reverse:

WITHOUT RECOURSE PAY TO THE ORDER OF (PARTICIPATING BANK) SIGNED

(DENTIST)

APPLICATION

Dentists should be supplied with Confidential Statement (form 19-987). This is available in modified form, without the Citizens and Southern Bank identification on it, for use by correspondent banks.

DEALER RECORDS

Maintain for each dentist a "Dealer Rejection-Repossession Record" (form 19-928) and one "Dealer Purchase Guide" (form 19-994), to effect the cumulative experience of all dentist. Any account charged to the Loss Reserve should be indicated on the individual dentist's record so that corrective measures may be taken with any dentist that is producing a poor class of paper. These two records, in conjunction with the New Loan Report prepared by Installment Loan Control, should give you a fairly complete picture of your overall program and the experience of each dentist. See the following Consumer Credit Operating Guide bulleting for use of these forms:

SALES FINANCE - DEALER CREDIT - DEALER PURCHASE GUIDE
SALES FINANCE - DEALER CREDIT - DEALER REJECTION-REPOSSESSION RECORD

APPROVAL AND PURCHASE OF NOTES

Complete credit information cust be submitted on each applicant. In approving credit for these notes, the bank must follow the credit standards for Unsecured Personal Loans - do not look to the Reserve Account as a crutch to carry poor credits. If this credit is approved, notify the dentist and hold the application until the note is received. If the credit is rejected, enter it on your Rejection Log and handle as any other rejection.



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Upon receipt of the note, advance to the dentist 98% of the amount financed.

R The remaining 2% is the Georgia Dental Association's reserve. In those national bank and affiliate bank cities where the Sales Finance Department services the Dental Payment Plan, the reserve should be listed on the Discount Sheet as "Dealer Contingent Reserve." Credit it to your General Ledger "Dealer Reserve" account.

Participating national bank branches, affiliate bank branches and those correspondent associates using the C&S Automated Installment Loan System should issue a check for the 2% reserve. Indicate in the disbursement section of the Discount Sheet that a check was issued to C&S National Bank for the amount of the reserve. Do not list the reserve in the spaces labeled Dealer Loss Reserve, Dealer Contingent Reserve, or Prepaid Dealer Reserve. The reserve check should indicate that it is for GDA Reserve, and give the customer's name. Mail to Retail Banking, Atlanta.

In preparing the Discount Sheet, the loan should be classified as Type 2, Sales Finance, Class 36, Service - Miscellaneous. The dentist's name should be listed as indorser, so it will appear on the New Loan Report. Do not Tist the CDA as indorser. In the "Dealer Name" space show "GDA."

Use the same dealer number for all dentists, so your total experience will be shown on one New Loan Report.

N DEALER RESERVE REPORTS

The Sales Finance Department in each national bank city and each affiliate bank will receive a Dealer Reserve Statement on their GDA Reserve shortly after the beginning of each month. Installment Loan Control should be asked to show as the dealer's address "Georgia Dental Association, c/o Retail Banking, Atlanta." As soon as you receive the statement, prepare a "Debit Dealer Reserve" ticket (form 19-1250) for the total of the reserve on new loans for the month. Use transaction code 99P. Issue a check for the same amount payable to the C&S National Bank, and mail it and the dealer's copy of the Reserve Statement to Retail Banking, Atlanta. All reserve transactions on the GDA's Reserve Statement should appear in the Dealer Contingent Reserve columns. If any transactions appear in the Dealer Loss Reserve columns, they should be reversed to Dealer Contingent Reserve.

National bank branches, affiliate branches, and correspondent associates should have no transactions on their GDA Reserve Statements. Please contact Retail Banking, Atlanta, if you receive GDA Reserve Statements with transactions or ending balances.

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Replaces Bulletin: OVER THE COUNTER - DENTAL PAYMENT PLAN - GEORGIA DENTAL ASSOCIATION - Dated 9/29/61

SETTLEMENT SHEETS

Correspondent banks, and those correspondent associates not using the C&C Automated Installment Loan System, should send a settlement sheet and a check for the reserve on new loans to Retail Banking, Atlanta, by the 10th of the month. Even if you have no activity during the month, it is necessary to prepare the Settlement Sheet to reflect the outstanding and Past Dues. The settlement sheet is illustrated below.

National bank offices, affiliates, and those correspondent associates using the C&S Automated Installment Loan System need not prepare a settlement sheet.

	DENTAL I	PLAN	_		
	NEW NO	TES			
Denie	Naher	No. of Paymonts	Neise	800	Reserve
Dr. George G. Guema Dr. Paul P. Pullet Dr. Frank F. Fillet Dr. Carl C. Cuspid	Robert O. Dobert Hrs. Bessie Odessie Hrs. Betty P. F'ettie Ora P. Dora	6 12 18 24	154.20 345.60 532.80 1,072.80	144.00 322.00 480.00 935.00	2.88 6.44 9.60 18.70
		TOTAL	2,105,40	1,881.00	37.62
	OUTSTANDING NOTES	AT END	OF MONTH	<u>.</u>	
Total Number	Total Assessed	Past Dec 80-50 Dep		Post Di 60 Days san	- ·
	731.00 National Bank of Podunk	R2	ohn Ba	nker par	-0-
MEPORTING BUNK SEE		0			



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ASSOCIATION - Dated 9/29/61

UNCOLLECTIBLE ACCOUNTS

Any account that has one or more installments 90 days past due, after normal collection effort, may be charged to the Association's Reserve Account. While the Reserve Account is intended to protect the bank against all credit losses, it is not intended to substitute for collection effort. The bank must do everything possible to prevent the loss before calling upon the Association for reimbursement. After all collection efforts have been expended, send your complete file containing the original written credit application and copies of all collection correspondence, along with your note, to Retail Banking. The note should be endorsed to the Georgia Dental Association without recourse. Indicate in your file the net balance after computing the interest rebate.

In the event that an account becomes seriously delinquent, and the treatment has not yet been finished, the bank should collect from the dentist an amount representing the unfinished portion of the treatment and apply it to the loan before charging the balance to the reserve account.

INSURANCE CLAIMS

These loans may be covered by credit life and disability insurance. In the event of the death of an insured customer on whom the dental treatment has been completed, credit life claims should be filed for the unpaid balance of the loan. However, if a patient dies and the dental treatment has not yet been completed, the dentist should be called upon to return to the bank the amount of money represented by the unfinished treatment. This should be applied to the loan and a claim filed for the unpaid balance.

REFINANCING

The new agreements permit the bank to reschedule or refinance a dental loan, combining it with additional debts if necessary, and to extend the terms if the bank feels that such rescheduling will prevent a loss. Such refinancing does not relieve the Association of its liability and, in the event that the customer still cannot pay, the unpaid portion of his dental loan may still be charged to the reserve account.

ADDITIONAL TREATMENT

In the event that a patient requires additional treatment before he pays out a dental loan, the cost of the additional treatment may be added to the unpaid balance and reworked for an additional 24 or 36 months, depending on the amount financed. Of course, in such a situation the 2% reserve would apply only to the cost of the additional treatment.



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10 of 10 Date 6-22-72

Replaces Bulletin: OVER THE COUNTER - DENTAL PAYMENT PLAN - GEORGIA DENTAL ASSOCIATION - Dated 9/29/61

FORMS

Agreements and rate charts may be ordered from Retail Banking, Atlanta. All other forms may be requisitioned, by form number, in the normal manner from the Purchasing Department, Atlanta.

CORRESPONDENT BANKS

Correspondent Banks may participate in this program by signing three copies of the Agreement Between the Association and Participating Bank. There may be towns in your area where the local bank will not be interested in participating. In such cases, we have agreed to work with the dentists in those towns where it is practicable for us to investigate the paper and render a normal collection service. Before signing up dentists in other cities, however, check with the local bank to be sure that it has no objection to your handling the financing for his dentist.

CHARGE ACCOUNT SERVICE

The Dental Payment Plan is intended to finance treatment that requires extended repayment terms. With Charge Account Service, we have the perfect teammate to finance smaller amounts requiring shorter terms. Nowhere else can the dentists find such a complete financing arrangement to offer their patients. When calling on your dentists, be sure to present both programs and encourage them to utilize them to their best advantage. The dentists can eliminate many of their "money" problems by taking the positive approach in offering their patients these options ---CASH

CHARGE ACCOUNT SERVICE DENTAL PAYMENT PLAN



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SUBJECT

INDORSED LOANS

TOPIC

Page 1 of 4

Date

6-3-69

Revision of Page 2 only of OVER-THE-COUNTER - INDORSED LOANS - Dated 4/25/69

For the purposes of this bulletin, Indorsed Loans are all over-the-counter consumer credit installment loans which (1) are unsecured and supported by two or more signers, and (2) are not for home improvements or repairs.

These may be:

 Husband and Wife Loans. A loan made jointly to the Husband and Wife or to the Wife with the Husband's accommodation indorsement.

(2) Joint or Co-Maker Loans. Loans made to two or more parties for their joint use.

(3) Accommodation Indorser Loans. A loan in which the indorser "lends" his name and responsibility to the transaction to strengthen the credit for the benefit of the borrower.

DESIRABILITY

Through an indorsed loan, a good potential customer with limited credit history or job tenure and without sufficient acceptable collateral may establish his credit; and, an individual who has permitted his credit to become temporarily damaged may re-establish himself. Also, an indorser may add the necessary strength to permit handling a request of a customer or potential customer where the amount requested is more than can be supported by the applicant's credit alone.

Although many indorsed loans will be unprofitable in themselves, we should handle willingly, and actively solicit and suggest this as a possibility when the applicant has the <u>potential</u> of becoming a good customer to whom we may later - after developing experience - lend on his signature only. This type applicant seldom has close ties with another local bank and through service and solicitation can generally be sold our "Full Service Banking".

SOURCE OF BUSINESS

Opportunities to make this type loan will result from overall advertising and solicitation for personal loan applications. It is necessary to recognize, from interviews and applications, conditions which indicate that a qualified indorser will permit handling a request which would otherwise be rejected. When this condition exists, suggest this possibility to the applicant and let him know generally the type endorser that would be required. (See following paragraphs on "Credit Requirements").

- (1) DO NOT suggest a specific individual to an applicant as a possible indorser except in those instances where the advance is to directly benefit both parties
- (2) DO NOT suggest an indorser to a bad credit risk as an indirect method of rejecting an application.

In considering the need for an indorser, always keep in mind that most people take pride in their ability to get credit "on their own". Asking for indorsers when not needed will result in the loss of good business - maybe not the first time, but some place along the line a more understanding lender will take your customer.



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7-1-6

Revision of Page 2 only of OVER-THE-COUNTER' - INDORSED LOANS - Dated 4/25/69

CREDIT REQUIREMENTS

<u>Investigation</u>: The extent of the investigation on <u>each party</u> must be the same as normal for regular unsecured borrowers. (See Bulletin: "Lending General - Credit Investigation").

The Borrower: Weaknesses in the borrower's credit evidenced by: (1) short employment, (2) low income, (3) limited credit background, (4) frequent small loan company borrowings and (5) slowness or irregularity in past payment records, may be offset by a satisfactory indorser. However, the borrower must have the capacity to meet the required installments under existing conditions and there must be no evidence of poor or bad character.

The "Family Budget Consolidation Work Sheet" should be used when there is a question as to the borrower's capacity to meet his required monthly obligations.

The Indorser: The indorser must have the <u>capacity</u> and <u>character</u> to indicate that he will and can meet the required repayment schedule if called upon to do so. It is much more difficult to collect an obligation from one person made by and for the benefit of another than it would be to collect a direct obligation made by himself and for his own use. Therefore, the credit of the indorser must be stronger than would normally be required if the indorser were borrowing the money in his own name and for his own use.

Personal contact should be made with the indorser to assure that in fact he does indorse the note and that he fully understands his liability and responsibility to meet the obligation if the borrower fully fails to do so.

Occasionally a request will be received from a good bank customer that a loan be made to another on the strength of his indorsement. Previously discussed credit requirements for indorsers apply and an investigation of the borrower's credit should be made. Exceptional or unusual weaknesses should be discussed in generalities (do not give out confidential information) with the indorser to give him the benefit of our experience and opinion. An obviously bad credit risk should not be handled even with a stronger indorser.

TERMS

Up to 24 months - \$10.00 minimum monthly payment.

In determining terms consider - (1) the credit worthiness of the borrower and the indorser, (2) the borrower's stability and his capacity to repay the required monthly payment, and (3) the purpose of the loan.

INSURANCE

Credit life insurance or credit life and disability insurance should be solicited on each eligible transaction. When feasible, place this insurance on:

(1) the borrower in accommodation indorser transactions;

(2) the one to whom we look for repayment in joint borrowers or co-maker transactions;

(3) the "bread winner" in husband-wife transactions.



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Replaces Bulletin: OVER-THE-COUNTER - INDORSED LOANS - Dated 8-17-64

NOTE: This insurance can be placed on only one of the parties obligated on the transaction. That party must also sign and show his date of birth E in the insurance statement section of the note (required by Regulation & Z effective 7-1-69).

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FORMS TO USE

1. Forms required on each transaction:

(1) Discount Sheet (Form #19-898). Use in interview and investigation of borrower and indorser if interviewed. Also for discounting purposes.

(2) Unsecured Installment Note (Form #19-912). Joint or Co-Maker Loans - have both parties sign on the face of the note in the space, provided. Accommodation Indorser Loans - have the borrower sign on the face of the note in the space provided and the accommodation indorser sign in the space provided on the reverse of the note under the printed guarantee.

2. Forms which may or may not be required:

 Confidential Statement (Form 419-987). Use to obtain personal information on an indorser, borrower or co-maker when interview is not feasible.

(2) Budget Consolidation Work Sheet (Form #19-885). Use in the interview when judgment indicates the advisability of using this as an aid to ourselves in appraising capacity and/or as an aid to the one being interviewed in appraising his own situation.

(3) Borrower's Authorization To Pay (Form #19-889). Use only when part or all of disbursement is to be made other than to the borrower. If disbursement is made by check payable jointly to the borrower and another, this form is not needed.

(4) Guaranty (Form #15-531). Use when an indorser does not went the borrower to know that he is guaranteeing the transaction.

DISBURSEMENT OF FUNDS

Joint or Co-Maker Loans - make disbursement jointly to both parties. Accommodation Indorsed Loans - make disbursement to borrower.

Generally, disbursement will be made by the bank check directly to borrower(s) or by deposit to a checking account. However, at times one of the conditions on which the approval of credit is based is that outstanding balances with other creditors be paid off. In cases, a bank check should be made jointly to the borrower(s) and the creditor, or to the creditor alone on authorization given in the "Borrower's Authorization To Pay".

COLLECTIONS

Collections are basically the same for all loans; however, it is necessary that the indorser be kept informed at all times on the status of the transaction. Copies of all notices (See Operating Quide Bulletin - "COLLECTIONS - NOTICES - ENDORSED LOANS")



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Date

4/25/69

Replaces Bulletin: OVER-THE-COUNTER - INDORSED LOANS - Dated 8-17-64

and letters should be sent to the indorser. Also, by telephone or letter, keep the indorser informed of the results of telephone or personal contacts with the borrower and of the fact that we are looking to him to pay if the borrower does not, after reasonable follow-up. Indorsers can be of substantial help in adjusting these accounts and should be called upon for this help.

SPECIAL NOTICE

 The Georgia Legislature enacted House Bill No. 89 in March, 1969, thereby changing the extent to which a married women can act as surety or assume the debts of her husband. The law now states:

"The wife may not bind that portion of her separate estate which is composed of tangible personal property by any contract of suretyship or by any assumption of the debts of her husband. The sale of any portion of her separate estate which is composed of tangible personal property to a creditor of her husband in extinguishment of his debt shall be absolutely void."

The bank's attorneys further clarify:

"This carves out "tangible personal property" which would be anything in the nature of jewelry, furniture, equipment, ruchinery, automobiles, appliances, etc. - anything having a tangible quality and not a part of real estate. Consequently a married woman could pledge or create a security interest in real property (land and improvements) or intangible property (stocks, bonds, contract rights, etc.) to support a guaranty or surety obligation or to assums; the debts of her husband but could not do so for those purposes with regard to the tangible personal property."

- A corporation may or may not be authorized by its corporate charter to indorse another's note. Generally, such provisions are not part of the corporate charter, and in the absence of specific knowledge of such provisions, corporations should not be accepted as indorsers.
- 3. A "verbal indorsement" may or may not have value, depending on the integrity of the indorser. Such an indorsement can not be enforced by legal means, and it is much too easy for an indorser to forget his promise or to have an honest misunderstanding of his responsibility. Therefore, we should not base a credit decision on the strength of any verbal indorsement.



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SUBJECT

LOT FINANCING

TOPIC

Page 1 of 7

Date

9-1-71

Revision of OVER-THE-COUNTER - LOT FINANCING - Dated 1-23-69 (Page 1 and 2 only)

Since our lot financing program was developed in 1965, following changes in real estate regulations for national banks, a moderate number of loans have been made with excellent experience. The larger than average loan, above average credits, and collateral relationships combine to make lot financing a very desirable class of business that should be solicited aggressively.

CLASSIFICATION

These loans should be classified Collateral since they are consumer in nature and contain the add-on rate with life and disability insurance. We should describe the collateral on the discount sheet as S/D R. E. LOT, so that the ledger cards can be readily identified at any time. It will not be necessary to add these to the real estate total for call reports since they will represent only a small per cent of the total real estate outstanding.

AUTHORITY TO LEND

State-Chartered Banks - Section 2 (a)

"Any state bank may make loans secured by a first lien on improved or unimproved real estate, including farm lands or forest tracts of land and improved business and residential properties. The advance should not exceed 80% of the fair market value when amortized".

National Banks - Law -- 12 U.S.C. 371

"Any national banking association may make real estate loans upon improved real estate, including improved farm land and improved business and residential properties".

Land may be considered improved under special conditions. Paragraph (e), Section 2020 ---

(e) Off-site improvements

Whether off-site improvements have enhanced the value is a question of fact to be determined in each case. Examples of real estate improved by off-site improvements:

 Property which is valuable because the improvements of a developed urban area are immediately available to it.

(2) Lots in a housing subdivision for which substantial improvements such as streets, water, sewer and other utilities have been provided.

(3) Prime industrial property enhanced in value because it is located on a paved street with utilities and transportation facilities available.



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LOT FINANCING

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Date : 9-1-71

Revision of Pages 1 and 2 only of OVER-THE-COUNTER - LOT FINANCING - Dated 1-23-69

APPRAISAL

An appraisal made by an outside appraiser or two competent lending officers is necessary to make a conforming real estate loan. Where the appraisal is made by a bank officer, the following points should be carefully considered in arriving at a reasonable evaluation.

- Comparable land values it is desirable that the lending officer compare other lot sales in the immediate vicinity to establish a fair market price.
- Personal contact with realtors and other builders in the area to establish a fair market price.
- 3. The sales contract this in itself is a good indication of the "market natice"; however, it must be established that a reasonable price has been set. If a source of equity funds is not evident from the interview and the credit application, this may suggest to the lender that the price may have been adjusted upward to compensate for a limited down payment. By employing the above methods of appraising, we will substantiate the final conclusion reached.

Qualified outside appraisers should be engaged when large tracts of land are to be developed into land lots. This type request will usually originate within the commercial or mortgage loan departments. The developer will generally sell a rajority of the lots to builders; however, there may be some which will be available to individuals. The consumer lender should work closely with the commercial or real estate officer to determine if the land lots are priced reasonably with established land values as well as to give the developer a fair rate of return.

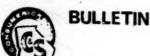
EXTENT OF INVESTIGATION

The normal requirements regarding thorough interview and complete investigation should be met. (See OVER-THE-COUNTER - APPLICATION AND INTERVIEW and LENDING GENERAL - CREDIT INVESTIGATION).

CREDIT REQUIREMENTS

Lot financing should be based primarily on favorable credit factors - adequacy and stability of income, reasonable debt position and satisfactory paying habits, rather than over-reliance on collateral. Even though the land value might more than cover the loan, we are not interested in repayment through foreclosure except where inability to repay develops from unforeseen circumstances.

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Date 7-1-69

Replaces Pages 3 and 4 of Bulletin: OVER-THE-COUNTER - LOT FINANCING Dated 1-23-2

BATES

See LENDING GENERAL - RETAIL RATES - OVER-THE-COUNTER. Closing costs and any attorney fees will be paid by the customer - either directly or included in the advance, which is not to exceed 80% including such fees.

TERMS AND ADVANCE

Since lot financing must conform, as a real estate loan, the advance cannot exceed 80% of the appraisal or purchase price, whichever is lower. With an 80% advance, the loan must be repayable in regular monthly installments.

Maturities should not exceed a five-year period. It is desirable that loans under \$3,000 not exceed a three-year maturity, so as to provide the necessary amortization to keep the loan on a sound basis. Actually, maturities should be geared to expected time of permanent financing on the home loan; however, in most cases, the borrower will tend to prefer the longest maturity available.

There may be occasional cituations which will warrant exceeding the 80% of appraisal. The following is quoted from The National Banking Review, December 1963, Pages 262 - 263.

"A recent ruling permits the use of pledged collateral as an offset to any excessive portion of a real estate loan. For example, a real estate loan will not be considered in violation of the statute where the amount of the loan exceeds the limitations of that statute, provided the excessive portion of the loan is fully secured by pledged collateral, in the form of a savings account, certificate of deposit, or other security to which the bank has ready access and first claim".

If additional collateral is taken under this ruling, we should restrict our collateral to savings; stock that is properly margined; cash value life insurance; or, the like.

PREPARATION AND CLOSING OF LOAN

After the credit requirements have been met, the loan must be properly processed to adequately assure the bank of a first mortgage lien. There are two ways we can assure ourselves of a first mortgage lien:

- 1. An opinion from a reliable attorney, OR
- Property check performed by Legal Messenger Service. (See LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION). This method will be found to be both faster and cheaper, in general, than waiting for an attorney.



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Date 7-1-69

Replaces Pages 3 and 4 of Bulletin: OWER-THE-COUNTER - LOT FINANCING Dated 1-23-69

Although a title policy is not required, the additional cost is reasonable if the customer desires one. It will be satisfactory for the customer to use his attorney to provide the bank with an opinion. Attorney's fees will be paid by the customer either direct or as a part of the loan advance, so long as it is within the 80% advance.

The attorney should be provided with a description of the deed, and the name and address of the seller. With this information, the real estate records will be checked to assure the bank of a first mortgage. Regardless of whether the attorney closes the loan, or it is closed by the lending officer, the following forms will be necessary:

Consumer Collateral Installment Note (Rev. 6/69)
 Deed to Secure Debt (15-568)

3. Lot Appraisal Form (19-941) illustrated on pages 5, 6, and 7.

4. Owner's affidavit - this is generally done to assure lender that there are no outstanding labor bills and unpaid bills for assessments.

Borrower's affidavit - assures lender that borrower or deponent swears no improvements or repair bills outstanding 90 days preceding the date of the loan. Further that there are no suits pending against deponent, and that there are no assessments against the property. (Prepared by attorney)

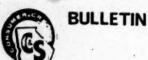
6. Survey - This is a survey of the land lot itself to insure that the measurements are accurate, and to disclose any easements or encroachments existing on the property. It is not mandatory that the bank

require this, but the customer may so desire.

In many instances, the bank will have to provide these forms to the attorney for final preparation. It is recommended that whenever possible, the attorney be present at the final closing with the borrower and the lending officer. It is also important that after the closing, the attorney record the documents for the bank. As a general practice this will be made a part of the final opinion which the attorney will submit to the bank.

INSURANCE

Lot loans are eligible for life and disability insurance under our Prudential policy. Our Metropolitan credit life real estate policy is not applicable since it requires that the property be improved and that the insured customer live therein. (3se Operating Guide bulletins - INSURANCE - CREDIT LIFE, INSURANCE-DISABILITY).



SECTION OVER-THE-COUNTER

SUBJECT LOT FINANCING

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Page 5 of 7

Date

2-25-70

Replaces Page 5 and 6 of Bulletin: OVER-THE-COUNTER-LOT FINANCING-Dated 7-1-69

SOURCE OF BUSINESS

Real estate companies can provide us with prospects for which they have land lots to sell. Present commercial customers or prospects would welcome this service as a benefit both to their customers as well as themselves.

When mortgage loans are being handled on a regular basis, builders and developers will approach us for financing from the outset on the land. Individual lot financing will provide these builders with the necessary tools to turn over their investment and realize a profit. Thus, the mortgage loan department can utilize consumer lot financing as the beginning step toward eventual construction and permanent financing.

REGULATION Z

Show Total of Payments and Finance Charge in appropriate spaces on the note. This is because the customer's dwelling is not yet in the picture. The customer does have the right to rescind.

RELATED BULLETINS:

LENDING GENERAL - CREDIT INVESTIGATION
LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION

OVER-THE-COUNTER - APPLICATION AND INTERVIEW

INSURANCE - CREDIT LIFE INSURANCE - DISABILITY

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Replaces Pages 5 and 6 of Bulletin: OVER-THE-COUNTER : LOT FIMANCING-Dated 7-1-69

	THE CITIZENS	& SOUTHERN MATIONAL	BANK
-	Let	t Appraisal Form	
JOHN D	DE CUSTOMER		Date 1-2-69
CEATION			
Town	DECITUR	County	DEKNUB.
Section	125	Block 3	Lot 76
Size of Lot:	Frontage 15	ft. Depth	Right Side 250 ft
Left Side	250 ft.,	Rear	140 ft.
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BULLETIN

SECTION OVER-THE-COUNTER

SUBJECT LOT FINANCING

TOPIC

Page 7 of 7 Date 1-23-69

Revision of COLLATERAL - RESIDENTIAL LOT FINANCING Dated 1-4-65

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BULLETIN

SECTION

OVER-THE-COUNTER

SUBJECT

NECOTIABLE SECURITIES

TOPIC

Page 1 of 4

Date

4-24-69

in territory

Replaces Bulletin: OVER-THE-COUNTER - NEGOTIABLE SECURITIES - Dated 6-10-68

Stocks and Bonds are desirable as collateral due to their liquidity and chance of appreciation (stocks), if the proper safeguards are taken. Stocks will most often be utilized and offered as collateral.

CLASSIFICATIONS

The two basic classifications of stocks are listed and unlisted stocks. Listed stocks refer to those that are listed and actively traded on the two national security exchanges. Just because the stock offered as security on a loan is listed does not necessarily mean that there is a ready market for it. This factor should be considered in accepting a stock for collateral.

Unlisted securities are those stocks which are traded on local "over-the-counter" markets. This market is made up usually of relatively small local corporations that do not qualify or desire to be listed on a national exchange. Just because a company's stock is traded on an "over-the-counter" basis does not mean that it is not as valuable as a nationally listed stock. All of the banks and most insurance companies are listed on these exchanges.

BASIC CONSIDERATIONS

Here are the hasic considerations in losns on securities:

- 1. Horal risk of borrower.
- 2. Financial responsibility of borrower.
- 3. A definite understanding with the borrower that the loan must be repaid on a regular schedule whether in installments or in one payment, and that the loan must be properly margined at all times. This means tha. when the market value declines, additional collateral should be pledged, or the loan reduced to bring it in line with the original agreement.
- 4. The value of collateral.
- 5. The marketability of the collateral and whether the market can absorb a large number of shares if you have a concentration.
- Related laws.
- Documentation.
- 8. Changes in laws or economic conditions.

PECIAL CONSIDERATIONS

Determine that there is a ready market for the security offered and that it is actively traded. A call to a broker friend can resolve this question quickly.

\ stock selling for under \$10.00 is to be avoided unless something of a favorable ature is known of the company. As a rule, loans should not be made on extremely w priced stock, although there could be exceptions to this under certain ".nditions.

E- 1535



BULLETIN

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NEGOTIABLE SECURITIES

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4-24-69

Replaces Bulletin: OVER-THE-COUNTER - NEGOTIABLE SECURITIES - Dated 6-10-68

Closely heli securities, regardless of the price, should be avoided unless a purchase agreement, at a stated price, can be obtained from the company.

Speculative stocks that are subject to drastic price fluctuations should be avoided if possible and if they are used at all, the margin requirements should be tightened to insure that you are properly protected.

APPROVED STOCK PURCHASE PLANS

We will continue to make loss to persons under approved stock purchase plans where company stock is being sold to key personnel, and payments are made on a monthly or quarterly basis. Also, this includes loss to officers and directors of correspondent banks on stocks of their bank.

REGULATION "U"

The Federal Government has a tight set of regulations that govern the use of stocks. One of these is the "margin requirement" that prohibits a bank from lending 100% of the market value of a stock that is pledged as collateral. At the present time our margin requirement for stocks is 30%, or phrased another way - "lend only 70% of the market value". This is required when the loan is for any other purposes than purchase of stock.

If, however, a customer wishes to borrow money to purchase the stock and uses the stock to secure the loan, then only 20% of the value can be loaned with an 80% margin.

On every loan secured by any stock, a Regulation "U" form must be signed by the customer and acknowledged by the person making the loan. The customer must state the reason for which the money is being borrowed.

BONDS

Corporate Bonds, Government Bonds and Treasury Bonds are the most common types.

- Government Savings Bonds Series E, F, and G are not assignable. Series H Bonds are assignable but are rarely offered as collateral.
- 2. Corporate and Treasury Bonds are normally "bearer" type bonds; that is, no owner is named on the bond and they can be redeemed by the holder. These bonds are quoted and traded on the major exchanges. As these instruments are extremely negotiable they must be kept under dual control in the collateral file.

Since they are "bearer" bonds, no assignment or power of attorney is needed. If it becomes necessary to sell the bonds in order to liquidate the loan, it would be advisable to obtain a "sale order" from the customer.



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NEGOTIABLE SECURITIES

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Replaces Bulletin: OVER-THE-COUNTER - NEGOTIABLE SECURITIES - Dated 6-10-68

FORMS NEEDED

- Collateral Note (19-880) complete description of securities and number of shares pledged, i.e. 500 shares common stock American Telephone and Telegraph Company, Cert. No. 71805 and No. 71806.
- Assignment of Investment Security (15-563) one for each stock certificate in blank, signed but undated. Exactly as stock is made out and acknowledged by interviewer. Attach one to each certificate.
- 3. Regulation "U" (15-557) one per loan, completely filled out. It should be signed in the same manner as the stock certificate is made out. This form stays with the stock certificate and stock assignments, and logged into the collateral file for safekeeping.
- 4. Collateral Receipt Card (15-575) this is a three part form consisting of one white original (customer's receipt for collateral), yellow collateral card (for bank's record of collateral held in safekeeping) and a margin card (for periodically checking margin on loan). When loan is paid out and collateral released to the customer, collateral card should be signed by the customer as acknowledgement of release of securities to the owner.
- Hypotheration Agreement (15-501) if needed. Used only when another party, other than the borrower, is allowing his securities to be pledged on a loan. It should be kept with stock certificates in safekeeping.

The Georgia Legislature enacted House Bill No. 89 in March, 1969, thereby, changing the extent to which a married woman can act as surety or assume the delts of her husband. The law now states:

"The wife may not bind that portion of her separate estate which is composed of tangible personal property by any contract of suretyship or by any assumption of the debts of her husband. The sale of any portion of her separate estate which is composed of tangible personal property to a creditor of her husband in extinguishment of his debt shall be absolutely void".

The bank's attorneys further clarify:

"This carves out "tangible personal property" which would be anything in the nature of jewelry, furniture, equipment, machinery, automobiles, appliances, etc. - anything having a tangible quality and not a part of real estate. Consequently, a married woman could pledge or create a security interest in real property (land and improvements) or intangible property (stocks, bonds, contract rights, etc.) to support a guaranty or surety obligation or to assume the debts of her husband but could not do so for those purposes with regard to the tangible personal property)."

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Replaces Bulletin: OVER-THE-COUNTER - NEGOTIABLE SECURITIES - Dated 6-10-68

SAFEKEEPING

All securities, of course, should be held in your collateral file under dual control. The note and all related papers must be signed by the customer exactly as shown on the security.

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FRAUDS

As our economy grows, it becomes more complex, and along with complexity, the dangers expand. Unfortunately, there is a market in this country in stolen and counterfeit securities. Needless to say, if such stocks are pledged against a loan, you will never see your customer after the note is signed. The only practical safequard is to "know your customer". If you don't know him, then good lending practices require that you investigate to your satisfaction.



BULLETIN

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OVER-THE-COUNTER

SUBJECT

PROPERTY IMPROVEMENT

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1 of 4

7-1-69 Date

Replaces Bulletin: OVER-THE-COUNTER - PROPERTY IMPROVEMENT - Dated 10-8-68

Property improvement loans are made to individuals for the purpose of improving residential real estate. The improvements may be additions, remodeling, repairs, landscaping, wiring, air conditioning, and many others. Basically, any improvements to the property or the house qualifies for financing.

CLASSIFICATION

Classify as Property Improvement.

Property improvement loans feature several benefits to the customer and to the bank.

- BENEFITS TO THE CUSTOMER ARE:
 - 1. Prompt service is given with no red tape involved.
 - 2. Low bank rates.
 - Reworks of existing mortgages are eliminated, thus avoiding closing costs and fees.
 - Life and disability protection is available for the borrower.
 - 5. The improvements protect as well as improve the real estate investment of the borrower.
 - 6. Any type of improvement is financed.

B. BENEFITS TO THE BANK:

- 1. The homeowner is generally an above-average borrower, and is a prime prospect for more banking pervices.
- The average unpaid balance of this type of loan is high.
- 3. The yield is profitable.
- 4. Collection expense is low.
- Loss ratios are very favorable.
- The customer frequently has given this a great deal of advance thought and planning.

ELIGIBLE PROPERTY

- 1. Owner-occupied housing.
- 2. Single family residential rental property (loans to owners).

(Ownership of more than one single-family residence for rental purposes, or multiple unit apartments, duplexes, triplexes, etc., places the individual ina more commercial category. Property improvement loans of this nature should be handled as Term loans).

OPERATING BULLETIN

SECTION

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PROPERTY IMPROVEMENT

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Date 7-1-69

Replaces Bulletin: OVER-THE-COUNTER - PROPERTY IMPROVEMENT - Dated 10-8-68

CREDIT REQUIREMENTS

THE BORROWER

The degree of protection the bank will enjoy will be evidenced by the credit standing of the borrower and by his amount of equity in his home. However, it is important to remember that equity cannot replace weaknesses in the borrower's credit or personal background, such as:

- a. Low income
- b. Unstable employment
- c. Heavy indebtedness
- d. Litigation or slow payment record

(6)

e. Questionable personal habits

Although a recordable instrument is used, a property improvement note is basically unsecured, so there should be no doubt in your mind concerning the ability of the borrower to repay the loan. In addition, we should always be satisfied from both the interview and results of credit investigation that the customer is of good character.

THE PROPERTY

The nature and extent of improvements have a direct relationship to the location of the property. Some specific considerations:

- 1. Present property value
- 2. Type neighborhood
- 3. Is neighborhood progressing or deteriorating?
- 4. Will proposed improvements overprice the property if sale by comes necessary?

RATE-TERMS-ADVANCES

Rates are set forth in LENDING GENERAL - RETAIL RATES - OVER-THE-COUN. Terms are five years maximum, with three years being the most common. The "blot determining factor here must be the customer's ability to pay. Advances may be rade up to 100% as working progresses, if this is considered a desirable approach to a given situation.



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Replaces Bulletin: OVER-THE-COUNTER - PROPERTY IMPROVEMENT - Dated 10-8-68

FORMS TO USE

19-898

8 Discount Sheet

19-916

Consumer Property Improvement Note

The body of the note is divided into two sections: Repairs and Goods. Repairs include structural additions such as rooms, carports, etc., as well as general remodeling and modernization such as painting and plastering. The Goods portion refers to such things as built-in appliances, wall-to-wall carpeting, and central heating systems.

19-889 Borrower's Authorization (where applicable)

INTERVIEW

Probably the only thing that distinguishes this interview from other loan interviews (see OVER-THE-COUNTER, APPLICATION AND INTERVIEW) is the procedure necessary to clearly determine the purpose of the loan. Most of our customers are honest in stating the purpose of the loan. However, this risk can be greater than in almost any other type of normal loan. Possibilities for white lies, subterfuge, and on down to outright fraud are perhaps greater here than in any other type of over-the-counter unsecured lending. Certain loss situations have shown that some common real uses of the money are to:

- 1. Purchase other goods.
- 2. Pay off or reduce debts.
- 3. Pay taxes.
- 4. Use for capital requirements in new business.
- 5. Bolster a short-of-capital business.

At the time of the interview, your customer usually will be able to furnish you with a contractor's estimate of the work to be done. If the customer is overseeing or doing the work himself, he will probably give you a definite idea of the scope of the job. Here are some safeguards that we may want to use to help assure proper loan use:

- Ask the customer for a contractor's estimate of material and labor to be used.
- Pay the contractor and/or building supply firm on a direct basis, securing a borrower's authorization for this purpose.
- Where large amounts are involved, arrange to make an inspection of the property similar to one we would make for a real estate construction loan.

OPERATING BULLETIN

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Replaces Bulletin: OVER-THE-COUNTER - PROPERTY IMPROVEMENT - Dated 10-8-68

INVESTIGATION

Normal, thorough credit investigation practices will apply (see LENDING GENERAL - CREDIT INVESTIGATION). Special attention must be given to verification of property ownership when we intend to record (loan over \$1500). Arrangements have been made with a firm, Legal Messenger Service, Atlanta, telephone 873-5753 collect, that can give us property checking service in approximately 90 Georgia counties. (See LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION).

DISBURSEMENT OF FUNDS

We should normally:

- 1. Disburse funds payable jointly to the supplier and customer, or,
- 2. Disburse funds directly to the supplier (having secured a borrower's authorization), or
- 3. Deposit funds to the customer's checking account, or
- Pay funds directly (cashier's check) to the customer, only if none
 of the above 3 can be done.

RECORDING AND RELEASE

All loans of \$1,500 and over should be recorded on the real estate records of the county in which the property is located. If a collection problem develops on any property improvement loan which has not been recorded, it should be recorded at once. Recording of the note does not give us the security of a mortgage or impair the title to the property or prevent the property from being sold without paying off our note. Recording does place any prospective buyer on notice that there is an unpaid indebtedness for improvements to the property, which might induce the buyer to require that the loan be paid-off before accepting the transaction. In any event, the bank might be notified that a sale of the property is about to take place and take the necessary steps to recover the loan amount. The legal description of the property (as furnished by Legal Messenger Service) should be given. Also, type or print the customer's name below his signature.

Where we record, we should release. This means that we should collect sufficient documentary fees at loan inception to pay for release. A form-type letter should be used as transmittal letter to the county clerk, with a carbon copy going to the customer so he'll know we've done our part. Triplicate to customer file. Close attention to this is very important. Failure to release means, in many cases, that the customer has to get us to sign a quitclaim deed which frequently costs him \$25 to \$50, depending on his attorney.

RELATED BULLETINS:

LENDING GENERAL - REAL ESTATE - RIGHT TO RESCIND LENDING GENERAL - REAL ESTATE - PROPERTY VERIFICATION



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OVER-THE-COUNTER

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PROPERTY IMPROVEMENT

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GEORGIA PLAN

Page Lof 6

Date 11-6-68

Replaces Bulletin: OVER-THE-COUNTER - SAVANNAH PLAN - HOME IMPROVEMENT

At this point, the Savannah Plan is now in process of becoming the Georgia Plan. Modifications in the broad approach will take place to fit the needs in each city, however, the portion of the plan relating to Property Improvement loans can and should be standardized. Additionally, uniform reporting procedures are needed so that we may determine the extent of our systemwide activity and the ultimate collectibility of this type of loan.

Preliminary experience in Savannah tells us that loans can be made to low income families to improve sub-standard housing for more than 75% of the applicants and on a basis that should produce reasonably good collection results. It has been clearly demonstrated that a positive approach is mandatory and that every avenue must be explored to FIND A WAY TO MAKE IT - not an excuse for rejection.

Our original premise still stands - we are going to solicit this business, and lower credit standards somewhat. Through thorough and careful interviews and counseling, flexibility in terms, mutual faith, and appropriate collection techniques, we will make the Georgia Plan work and show that private enterprise can do a job without abandoning the profit motive and substituting "giveaway programs".

WHO ARE GEORGIA PLAN APPLICANTS

For purposes of record keeping and determining which customers qualify for extraordinary handling, only general guidelines can be provided. Within these guidelines, each loan interviewer must determine whether a given application should be handled as a Georgia Plan transaction or as a normal property improvement plan. Our intent is to provide funds to improve substandard areas or houses and a willingness to work with owner occupants who would not immediately qualify for a property improvement loan under our usual standards.

We hope that loans to landlords for purposes of upgrading their properties and other loans to credit worthy individuals will be made as a result of Georgia Plan promotions but such loans should not be considered as part of the portfolio and procedures covered by this bulletin.

BASIC PLAN

will handle Georgia Plan home improvement loans using the same forms, procedures and general operating techniques as are presently used in making property improvement loans, with modifications to fit the circumstances. Only the modifications are covered in the following paragraphs. Modifications include revision of terms and credit standards to some degree, but most importantly, spending the time that is necessary to qualify as many applicants as possible. The latter, short range excess expense, should be considered as our corporate investment in raising living standards and increasing incomes for the future.



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GEORGIA PLAN

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Replaces Bulletin: OVER-THE-COUNTER - SAVANNAH PLAN - HOME IMPROVEMENT

CREDIT REQUIREMENTS

Handling of weaker credit risks than usual will be the normal course of events in this plan.

Character, desire and pride of ownership are key factors to be considered. Slow paying habits in the past may be discounted if the interviewer is satisfied that the applicant has a sincere desire to do better in the future and has reasonable job security.

Our whole underlying philosophy in handling residential home improvement loans should be that we want to help those that want to help themselves. We do not envision a "giveaway" program in any sense of the word to the extent of completely departing from good business practice. Impressions from the interview and from a visit to the home will form much of the basis for decision.

RATE AND TERMS

Rate Charts:

AM600LD* (When eligible)

Due Dates:

Normal Procedure

Minimum Payment:

\$10.00

Maturities:

Up to 7 years with P. I. note or 2nd mortgage

Up to 10 years with 1st mortgage

*The basic eligibility requirements for life and disability insurance are:

1. He is 61 years of age or less;

2. His contract or note is repayable in periodic installments over a period of seven years or less;

 The balance to be financed is \$10,000 or less; and,
 The decition must be gainfully employed during normal workweeks of at least 30 hours (either for others or for self) at the time the loan is made. DERTORS WHOSE ENTIRE INCOME IS FROM INVESTMENTS, RENTALS, PENSIONS, ETC., ARE NOT ELIGIBLE.

INTERVIEW AND APPLICATION

It should be obvious that our abilities to deal with people in difficult circumstances, to lend and collect, are going to be tested as never before. It should be equally obvious that a thorough job of securing a complete application and conducting a good interview takes on even more importance.

Debt Counseling and an "in depth" interview should be part of our program with no limitation on the amount of investigation or handling as long as we can come up with a transaction that has a reasonable chance of success.



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Replaces Bulletin: OVER-THE-COUNTER - SAVANNAH PLAN - HOME IMPROVEMENT

HANDLING APPLICATIONS:

- The first thing to do upon receiving a phone or written application is GET THE CUSTOMER INTO THE BANK.
- Everybody in the bank who normally handles loans will be involved in this and will conduct these interviews.
- 3. There will be no "buck passing". In other words, whoever gets the phone call should talk to the applicant and set up an appointment and not transfer the call to another branch or another individual. The same is true with applicants actually coming into the bank. They should be handled at the branch and by the person to whop they first talked.
- 4. Special care must be taken to determine what materials are to be purchased and used, and who is to perform the work. The contractor should be of good reputation, and we should investigate sufficiently to assure ourselves of this. The Better Business Bureau should be called where the firm's reputation is unknown to you.

INVESTIGATION AND DECISION-MAKING

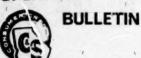
It is not practical that one-stop loan service be accomplished on Georgia Plan loans. Of more importance than speed are the fundamentals of getting a full credit statement and conducting credit investigation as needed, including the making of a personal visit to the applicant's premises to help form the decision. This personal visit should be made after credit investigation and before ownership verification. (See Verification of Ownership). It is not necessary to make such visits where the investigation obviously precludes handling the transaction.

There are three reasons for lender to make the personal visit:

- 1. To see that the nature and extent of the proposed improvements are warranted,
- To gain a further insight into the character aspect of the credit by relating it to the individual (clean, orderly. Do you get the feeling he's trying to improve his standards of living or does this appear to be kin to a handout?), and
- To compare "before" and "after", because if the loan is approved, he will
 make another visit to assure satisfactory completion of the work before
 funds are disbursed. We suggest a polaroid camera for the purpose of taking
 pictures to aid in evaluation.

REJECTIONS

To be certain that all possibilities of making a loan have been explored, rejections should be confirmed by the senior Consumer Credit Officer in each city before notifying the applicant of our decision.



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OVER-THE-COUNTER

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Replaces Bulletin: OVER-THE-COUNTER - SAVANNAH PLAN - HOME IMPROVEMENT

COLLECTION FOLLOWUP

At the ten-day point, past-due accounts should be reviewed. Accounts that have established a paying pattern of six or more satisfactory payments should be sent a notice. Others should be referred for personal handling.

The emphasis must be on helping the borrower to find a way to pay. Wherever possible, the person who loaned the money should perform the collection followup. His familiarity with the customer's situation should enable him to do an effective collection job including family budget counseling as we go along.

EXTENSIONS, LATE CHARGES, TRANSFERS

Normal procedures will prevail.

VERIFICATION OF OWNERSHIP

PROPERTY VERIFICATION.

County records must be checked to verify ownership before approval. See Bulletin 10-8-68 - OVER-THE-COUNTER - PROPERTY THE AND DEATH for property measures tion approved to the country of the country of

DOCUMENTATION

Property Improvement Application 19-914 (Itemize material and work)
Family Budget Consolidation Worksheet(if needed) 9-885
Property Improvement Note 19-916
Discount Sheet 19-999 /9-/295
Proper's Authorization 19-889

Borrower's Authorization Deed to Secure Debt (if secured)

PERFECTING OUR SECURITY INTEREST

All Property Improvement Notes as well as Deeds to Secure Debt should be recorded.

COMBINATION DEBT CONSOLIDATION AND PROPERTY IMPROVEMENT LOANS

Cases will exist where it may appear advisable to make a combination debt consolidation and property improvement loan. The debt consolidation portion of the loan should not exceed 25% of the total loan. We will consider this only when it will better enable the customer to pay our payment.

SECURED TRANSACTIONS

Preliminary experience indicates that a significant number of applications can be handled by picking up the first mortgage on the property to be improved. This approach is particularly advantageous where the existing mortgage is relatively



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small and the applicant's income will not permit an increase in monthly payments. With terms up to 10 years permissible, through the resulting "Baby Real Estate Loan" (under \$10,000) the desired improvements can generally be made with little or no increase in monthly payments.

These secured Property Improvement transactions must conform to State and National Bank requirements for Real Estate lending but because of the relatively small size and specialized collection procedures needed, should be carried in our Georgia Plan portfolio.

Classify as "Property Improvement" and describe the collateral on the discount sheet as S/D R.E. so that the ledger cards can be readily identified at any time. It will not be necessary to add these to the real estate total for call reports since they will represent an insignificant percentage of our total real estate outstandings. Add documentary fees to the principal amount being financed.

DISBURSEMENT OF FUNDS

Loan proceeds will be disbursed only after the lender, by personal inspection and discussion with the borrower, has satisfied himself that the improvements have been made. Certificates of completion should be obtained from each contractor.

Funds should be disbursed by:

- Making check payable to the firms or individuals providing the goods and services. A Borrower's Authorization must be obtained if this is done. A modification of this may be applicable - make out such checks and retain for a short length of time before mailing to allow time for work to be done satisfactorily and confirmation received from customer of completion.
- Haking checks payable jointly to the customer and the firm or person who provided the goods and services.

In some cases, the borrower himself will state that he will purchase the materials and do the work. Certainly, here is our maximum potential risk. In many cases, it will at least be possible for us to make out checks to the supplier for goods purchased. The interviewer should ask the man about his ability to perform the work involved.

In the final analysis, we will simply have to have enough faith in the man to lend him the money directly. If you don't "feel" it, don't lend it.

ADVERTISING AND PROMOTION

Advertising and Promotional material is available to publicize our willingness to lend money under the Georgia Plan for Property Improvement but this is effective only up to a point. The most effective approach to the people we are trying to reach is word of mouth - customer to neighbors and friends - group presentations under the auspices of community associations, churches, civic clubs, schools, etc.



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RECORDS AND REPORTS

Accurate reporting of activity and collection experience is needed to appraise the development of Georgia Plan lending on a statewide basis. Additionally we hope to develop knowledge and techniques that will let us expand our market to lower income brackets for all classes of loans - better service to more people at a profit.

Reporting of Georgia Plan activity can be handled very simply:

- Maintain a log in each office to record every Georgia Plan application and the disposition.
- To segregate outstandings easily, show "Georgia Plan" in the space for Endorser on each applicable discount sheet. When the ledger card is returned from Central Billing, punch slot #7 nearest the top of the ledger card.
- Complete the report shown below at the end of each month and forward to System Consumer Credit in Atlanta. Order reports as needed from System Consumer Credit rather than the Purchasing Department.

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Replaces Page 1 and 2 ONLY of Bulletin:

OVER THE COUNTER - REGULATION "U"

Several more amendments to Regulation "U" became effective July 8, 1969. These amendments further tighten the use of credit in stock market transactions.

The reason for these margin requirements is to prevent excessive use of the credit for the purchase or carrying of securities. Under the present law, margin requirements can be applied to loans for the purpose of purchasing or carrying securities registered on a national securities exchange, and to certain securities traded in the over-the-counter market.

GENERAL RULE

Regulation "U" does not permit the extension of credit which is secured directly or indirectly by <a href="mailto:any stock for the purpose of purchasing or carrying any margin stocks in an amount exceeding the maximum loan value of the collateral, which is now 20 per cent of its current market value. Example:

Customer wishes to borrow money to enable him to purchase 100 shares of stock selling at \$100 per share. (Total cost \$10,000). The stock is to be used as the collateral for the loan. The maximum we can lend is \$2,000.

The bank is allowed to extend credit for the purpose of purchasing or carrying a stock listed on a national securities exchange secured by collaboral other than stock, without being subject to Regulation "U" requirements. The loan value of such collateral should be determined by the bank in good faith. Example:

Customer wishes to borrow \$10,000 to purchase the same 100 shares at \$100 per share as mentioned above. As collateral, he has offered to give us C&S bonds valued at \$10,822. We can lend up to \$10,822 in this case.

LISTS OF MARGIN STOCKS

In order to determine whether a security is a"stock registered on a national securities exchange", or a security issued by an investment company, or in the "certain over-the-counter securities" group, two Federal Reserve listings are available:

1. List of Stocks Registered on National Securities Exchange".

 List of Over-The-Counter Margin Stocks. (A copy of the July 8, 1969 list accompanied GOG 9.46 dated July 7, 1969).

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Copies of each of these can be obtained from the Comptroller's Department. These records may also be used to determine whether a stock into which a security warrant or right is convertible or exchangeable is governed by Regulation "U".

PURPOSE OF A CREDIT OR LOAN

- "Credit which is extended for the purpose regardless if immediate, incidental, or ultimate - of purchasing or carrying a stock is "purpose credit", despite the fact that there may have been a temporary application of funds otherwise."
- "Credit extended to enable the customer to reduce or retire indebtedness which was originally incurred to purchase a stock is for the purpose of "carrying" such a security and will fall under the regulation requirement in so far as the margin requirement is concerned. (See lst paragraph under General Rule)."
- 3. "An extension of credit provided for in a plan, program, or investment contract offered or sold or otherwise initiated after August 31, 1969, which provides for the acquisition of any securities described in the following paragraph and of goods, services, property, interests, or other securities, or investments, is purpose credit."

MARGIN STOCK

"Margin Stock means any stock which is:

- 1. A stock registered on a national securities exchange,
- 2. An over-the-counter mergin stock,
 - a. The term "OTC Margin Stock" means stock, not traded on a national securities exchange, which the Board of Governors of the Federal Reserve System has determined to have a degree of national investor interest, the depth and breadth of market.
- A debt security that is convertible with or without consideration, presently or in the future into a margin stock or carrying any warrant or right to subscribe to or purchase a margin stock,



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4. Any warrant or right,

5. Any security issued by an investment company other than a small business investment company licensed under the SBIC Act of 1968, unless at least 95 per cent of the assets of such company are continuously invested in exempted securities."

UNSECURED LOANS

Unsecured loans, even though made to purchase stocks, are not governed by Regulation $"\tt U"$.

MULTIPLE LOANS

The entire amount of the credit extended to a customer by any bank at any time for the purpose of purchasing or carrying stocks registered on a national securities exchange will be considered a single credit and all the collateral securing the indebtedness will be considered in determining whether or not all loan indebtedness complies with Regulation "U". (This type credit is considered separate from a loan on convertible securities). Convertible securities are covered on page 4 of this bulletin.

The maximum loan secured by nationally registered stocks will be 20% or 70% of present market value, depending upon the purpose of the loan. If the loan is to purchase registered stock which will be the collateral for the loan, the maximum loan amount is 20%. For other purposes, the maximum loan amount is 70%.

MISCELLANEOUS PROVISIONS

Regulation "U" Statement - Federal Reserve Form U-1 (C&S Form 15-557). The recent revision of the form is shown on pages 7 and 8.

Loans secured directly or indirectly by <u>any</u> stock require that we obtain and retain in our records for at least three years after the loan is paid, a statement in conformity with the requirements of Federal Reserve Form U-1. This form is to be executed by the customer and accepted in good faith by <u>an officer</u> of the bank prior to the time the loan is made. In order to accept the customer's statement in good faith, the officer must (1) be sware of the circumstances that surround the loan, and (2) if there is any information which would cause a prudent man not to accept that statement without inquiry, investigate customer's statement in order to ascertain the truthfulness of the statement. Attached is a sample of the Regulation "U" form (although the form refers to a 6-year retention period, we can continue using them until present supplies are exhausted. Reprints will be correct).

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It should also be pointed out that if the form merely states what is not the purpose of the loan, it must then be supported by a notation or memorandum of the loan officer which will describe the purpose of the loan. In other words, the lander must know what the loan is for. Regulation Z makes this necessary, also. As is indicated on the form, a false statement by the customer or the loan officer of the bank on the form may be punishable by fine or imprisonment. At the time the loan is made, Regulation 'U' Form should be placed in the collateral folder. When the loan is paid out, attach Regulation 'U' Form to the back of the Collateral Record Card. When loan is paid, the Collateral Record Card is a receipt for collateral pledged, and must be retained 10 years or longer in the department where the loan originated.

WITHDRAWAL

Withdrawal or substitution of collateral may not be permitted unless the loan balance will not exceed the maximum net loan value (after rebate is calculated) of the collateral remaining on the loan. Interest has been excluded in this table for simplicity's sake. Also, even dollar figures are used in lieu of exact terms.

	Purpose of Loan	Amount	Collateral	Terms	Loan Bal. 6 Months Later	Collateral To Be Withdrawn	Loan Bal. Reduction Required
1.	Buy \$20,000 AT&T	\$4,000	The Purchased \$20,000 AT&T	12 @ \$333	\$2,000	\$6,000	0
2.	Buy \$20,000 AT&T	4,000	The Purchased \$20,000 AT&T	12 @ \$333	\$2,000	\$10,000	0
3.	Buy \$20,000 AT&T	4,000	The Purchased \$20,000 AT&T	12 @ \$333	\$2,000	\$12,000	400
4.	Down Payment on Home	7,000	\$10,000 IBM Stock	24 @ \$292	\$5,248	\$2,000	0
5.	Down Payment on Home	7,000	\$10,000 IBM Stock	24 @ \$292	\$5,248	\$4,000	\$1,048
6.	Down Payment on Home	7,000	\$5,000 IBM Stock, \$3,500 C&S Bonds	24 @ \$292	\$5,248	\$3,000 (Stock)	348
7.	World Cruise	5,000	\$5,000 C&S Bonds	12 @ \$417	\$2,500	\$2,500	0
8.	World Cruise	5,000	\$5,000 C&S Bends	12 @ \$417	\$2,500	\$3,000	500



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RENEWALS

If the amount of the loan is not increased at the time of renewal or extension of maturity, it need not be treated as the extension of a credit except by the addition of interest or service charge in respect to the loan. The loan must, however, comply with the margin requirements. It is not necessary to obtain another Regulation "U" form for this.

REPORTS

The bank and every person engaged in the business of extending credit who, in the ordinary course of business, extends credit for the purpose of purchasing or carrying securities registered on a national securities exchange, will be required to make reports as the Board of Governors of the Federal Reserve System may require.

LOANS ON CONVERTIBLE SECURITIES

"If the bank extended after June 15, 1959, and prior to October 21, 1967, credit for the purposes of purchasing or carrying a security convertible into a stock registered on a national securities exchange and the loan was secured by such a security and if after October 20, 1967, there is substituted any stock direct or indirect collateral the loan must then meet the present margin requirements.

a. Loans made after October 20, 1967, for the purpose of purchasing or carrying a security convertible into a stock registered on a national securities exchange and any credit extended after July 8, 1969, for the purpose of purchasing or carrying a security convertible into a margin stock; if the loan is secured, directly or indirectly, by any stock, the loan is considered to be subject to the present margin requirements."

SUBSCRIPTIONS ISSUED TO STOCKHOLDERS

"An extension of credit need not comply with the other requirements of Regulation "U", if it is to enable a customer to acquire a stock by exercising a right to acquire such stock evidenced by a warrant or certificate issued to stockholders and expiring within 90 days of issuance. The extension of credit or loan must not exceed 75 per cent of the current market value of the stock and each acquisition must be treated separately. Any such loans granted after October 20, 1967, must be reviewed and the



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bank must compute the amount by which the loan exceeds the maximum loan value of the collateral (20 per cent of the stock's present market value) and the customer must reduce the loan by an amount at least equal to 1/4 of such sum by the end of the 4 succeeding 3 calendar month periods."

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"If the bank fails to receive the required reductions or a portion thereof within 5 full business days after the reduction is due, the bank is required to sell a sufficient amount of the collateral and apply the proceeds of the sale to reduce the loan in an amount at least equal to twice the required payment for the first 2 such reductions, at least equal to the required payment for the third reduction and at least sufficient so that the remaining loan does not exceed the current maximum loan value of the remaining collateral after the fourth reduction."

OTHER LOANS SECURED BY STOCK

It is the policy of our bank, normally, to loan up to 70% of the market value of acceptable stocks, either listed or unlisted, provided the purpose of the loan is for reasons other than to carry or purchase securities.

FUTURE CHANGES

Any future changes in margin requirements alone will be communicated as in the past - NOT through a revision of this bulletin. Any other changes in Regulation "U", will, of course, necessitate a revision of this bulletin.

OF DEALING FORMS

Regulation U forms (15-557) may be obtained by requisition from Purchasing Department, Atlanta.

RELATED BULLETINS

GOG 9.46 July 7, 1969 GOG 9.461 March 19, 1968 GOG 9.31 April 21, 1959



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,	Form	\$1.0

Date

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

STATEMENT OF PURPOSE OF A STOCK-SECURED EXTENSION OF CREDIT BY A BANK (FEDERAL RESERVE FORM U-1)

A FALSE OR DISHONEST STATEMENT BY THE CUSTOMER OR THE OFFICER OF THE BANK ON THIS FORM MAY BE PUNISHABLE BY FINE OR IMPRISONMENT (U.S. CODE, TITLE 15. SECTION 78f AND TITLE IN SECTION 1001)

Instructions:

- (1) Phonograms on type of space is mading site attach separate short).

 (2) The term "strek" is defined in a 221-311 of Regulation U.

 (3) Last I (3) and (4) need be filled in only if the purpose of the credit described in Part I (1) is other than to pur-(3) Last I are after 13 over me arrow in only 0 the purpose is the execut reserving in part 1 til 18 other than to purchase or cares indepen clarate purpose in the executive purpose of the purpose o
- (4) In Part II "sugres of valuation" need be filled in unit if such papers is other thin regularly published in journal of general circulation.
 (5) Part II need not be completed in the case of a credit of \$5.000 or less which is not for the purpose of participant margin stock. However, in such cases, Part I must be completed as 4f Part II were completed.

PART I (to be completed by customer(a))

- (1) The purpose of this credit in the amount of \$ 14,300 , secured in whole or in part by the stock listed in Part II (A) and (B) is (describe in detail) Purchase commercial real estate, 80' x 120', corner of Peachtree and North Druid Hills Road.
- (2) This bank, Citizens & Southern National Bank (Peachtres-Lenox Branch) . has outstanding, or has agreed to extend, to the undersigned, the following credits in addition to the credit described on this form (itemize and describe briefly, including amounts and collateral if any). If none, so state
- (3) Is any of the collateral listed in Part II (A) or (B) to be delivered, or has any such collateral en delivered, from a bank, broker, dealer, or person other than the undersigned? Yes 🗌 No 🔞 If yes, from whom? Against payment? Yes 🗌 No 🗋
- (4) Has any of the collateral listed in Part II (A) or (B) been owned less than six months? Yes C No & If yes, identify all such cullateral to owned

he undersigned has (have) read this form and hereby certifies and affirms that to the best of my (our) newledge and belief the information contained on this form is true, accorate, and complete.

SIGNED

SIGNED Afr & Amentos



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	completed	

(A) Collateral consisting of stock, other than debt securities convertible into mangin stock. The loan value of such stock under the current Supplement to Regulation U is 70 per cent.

No. of shares	Browner apparately for regar	Market price per abuse	Suprey of valuation	Potal marks price per
100	General Electric First Rational City Bank		7.1.DuPont 7.1.DuPont	
		1	TOTAL	\$21,500

(B) Collateral consisting of debt securities convertible into margin stock. The loan value of such securities under the current Supplement to Regulation U is per cent.

Par value		firming expensionly by terms	Market arres	Section of references	Total marks price per
	 -				
			1		

(C) Other collateral.

Describe Secoli	· Islamia where		Carpvet market valve		Good facts term raise
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			1		
			1		

The undersigned, a duly authorized officer of the bank, is aware that this stock-secured credit may be subject to Regulation II, has read this form, has accepted the customer's statement on Port I in good faith as defined below', and hereby certifies and affirms that to the best of his knowledge and belief all the information contained on this form is true, accurate, and complete.

Data September 5, 1969

SIGNED William Willowe

William Halone, Assistant Cashier

"Regulation U requires that the customer's statement on this form he accepted he an officer of the hank acting in good faith. Good faith requires that has differ (1) must be about to the occumitances surrounding the credit, and (2) if he has yo information which would cause a produce man not to accept the retainment excluded require, how invertigation, however, however, however, however, how investigation are received, thereight the man of rayma taking party.

THIS FORM MUST BE RETAINED BY THE BANK FOR AT LEAST THREE YEARS AFTER THE TERMINATION OF THIS CREDIT